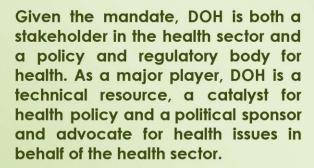
#### **DEPARTMENT OF HEALTH**

DOH is the primary government agency tasked to develop, implement, and deliver public health services. It is responsible for ensuring access to basic public health services to all Filipinos through the provision of quality health care and regulation of providers of health goods and services.







## GOVERNMENT PROCUREMENT POLICY BOARD

government is agency composed of top-level public officials primarily mandated to foster public procurement reform agenda through the exercise of its quasi-legislative powers such as policy formulation, development of sustained training programs, and implementing as well as monitoring public procurement reforms. GPPB was established by virtue of Section 63 of Republic Act 9184 or the Government Procurement Reform Act of 2003.

As an inter-agency body, GPPB relies upon the research, technical, and administrative support provided by its Technical Support Office.





## **VOLUME 2**

## MANUAL OF PROCEDURES FOR THE PROCUREMENT OF GOODS

## DEPARTMENT OF HEALTH CUSTOMIZED PROCUREMENT MANUAL

### **VOLUME 2**

## MANUAL OF PROCEDURES FOR THE PROCUREMENT OF GOODS

#### DOH PROCUREMENT SERVICE

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#### DOH Customized Procurement Manuals (Volumes 1 to 4)

These Procurement Manuals are customized for the use of the Department of Health based on the GENERIC PROCUREMENT MANUALS published by the Government Procurement Policy Board (GPPB), through Technical Support Office. The Manuals must be reviewed and updated periodically by the DOH as the GPPB introduces changes in the original Manuals (2006) to ensure its applicability to existing conditions. The DOH shall submit to the GPPB its recommendations for specific revisions to the original Manual. Any such revisions must be approved by the GPPB and must be consistent with existing procurement law, rules, regulations, and policies. This edition has been approved by the GPPB on 25 June 2010.

Published by the Departm	ent of Health
First Edition	2010

This customization of the generic procurement manuals, issued by the GPPB, was made possible with the technical inputs from various DOH procurement practitioners and committee members and other stakeholders from the Hospitals, Centers for Health Development, Service and Bureaus in the Central Office especially the Procurement Service/COBAC Secretariat, the Inter-agency Technical Working Group, and the GPPB Technical Support Office. The process has been initially facilitated by a Procurement Specialist, hired by the TSO through the financial support of the World Bank.

The GPPB in October 2007 approved the DOH Customized Procurement Manual. However, it was not published. With the issuance of the Revised Implementing Rules and Regulations of RA 9184, the DOH updated the Customized Manuals and submitted for GPPB's approval on March 2010.

## DOH Secretary's Message



Public procurement is not a novel concept here in the Philippines. It plays a central role in effective good governance by promoting equitable and fair competition among prospective bidders through an efficient, effective, and transparent procurement process. The objective is always to deliver procured goods and services promptly with the best value for money and most advantageous conditions on behalf of the Government of the Philippines. Throughout the years, this has been an evolving and dynamic field. Procurement reforms have been spearheaded collectively by government agencies through the enactment of Republic Act 9184, its Implementing Rules and Regulations, and various procurement initiatives.

With great pride, I pronounce that the Department of Health has been a constant forerunner and active trailblazer in implementing procurement reforms. The years have borne witness to the many innovative programs this Department have conceptualized, developed, and ultimately executed in favor of a better and more efficient procurement process. These include, among others, the establishment of a reliable registry system, updated price reporting system, the most recent procurement monitoring system and the creation, as well as subsequent revisions, of these Procurement Manuals. A rewarding reality borne out of the zealous dedication, marked professionalism, and evident hard-work of procurement practitioners and others involved in the procurement process.

As we forge ahead to a new era of renewed and invigorated interest in public procurement, let us always keep in mind our duties as public servants and public health service providers in serving the needs of this Department, the Government of the Philippines, and the general public at large. Let us work together to arrive at proactive solutions on procurement issues and concerns which impede the judicious delivery of health services in the different level of public health care.

We, the DOH officials and personnel, should take the challenge of being steadfast advocates of the principles of public procurement and the ideals of good governance now and in the years to come.

ENRIQUE T. ONA, MD

Secretary of Health

## COBAC Chairperson's Message

As Chairperson of the Department of Health's Central Office Bids and Awards Committee, it is with conviction that I say that public procurement is as dynamic and challenging now as when it was first implemented following the enactment of Republic Act 9184, otherwise referred to as the Government Procurement Reform Act of 2003. With the revised guidelines on the procurement process as approved on 02 September 2009, the IRR harmonizes the procurement process of both locally funded and foreign assisted projects in the hopes of establishing a more than adequate and standardized public procurement system. These new provisions shall hopefully answer pressing problems, address inefficiencies procurement procurement policies/practices, promote fair and equitable competition, enhance established procurement system, and improve transparency in furthering the principle of good governance.

Due to the nature, complexity or peculiarity of the DOH's procurement, these Customized Procurement Manuals are being issued to present a clear discussion on the substantive and procedural provisions of R.A. 9184 and its Implementing Rules and Regulations, as accompanied by relevant procurement-related laws, GPPB and DOH issuances. The objective thereof is to give DOH procurement practitioners' sufficient help in tracking any procurement activity on hand. It is, therefore, my fervent hope that the gap between a successful DOH project/policy implementation and the delivery of timely but quality public health service is accomplished through an efficient, effective and transparent process.

Once again, a challenge is put before us – DOH procurement practitioners – as interest in public procurement is renewed, to judiciously perform the duties delegated to us, strictly but reasonably adhere to the principles and provisions of the procurement law, and maintain a positive and sustained conviction to always promote the ideals of good governance and how dedicated public servants are committed to it.

#### Foreword

It is fundamental that we purchase the needed goods, services and works in the right quantity and quality at the right time and price to better support the implementation of health programs and delivery of health services.

We need to plan our procurements better, improve our systems, use better tools and produce a cadre of committed and trustworthy procurement professionals. We need to better manage our procurements to have significant impacts of lowering costs, generating substantial saving, and ensuring that quality goods and services are available for health program at all cost and in service delivery points. We need to make our transactions more transparent, competitive, faster and to comply with existing laws that relates to purchasing of health goods, services and works. It is also essential that we have procurement reform activists and a core group of highly competent and honest professionals and support staff.

The procurement reform is an essential component of our health sector reform agenda. The Government Procurement Reform Act or Republic Act 9184 of 2003 and its Implementing Rules and Regulations gives us a legal basis for conducting our procurements. In addition, the Government Procurement Policy Board wherein the Department is an active member has been issuing standard bid documents and forms, various resolutions, circulars, opinions and the generic manuals to support compliance, facilitate the procurement processes and make it more efficient and effective.

With the variations in procurement practices in each of the DOH procuring entities and special requirements of health goods, services and works, the generic procurement manuals have been customized to minimize variations and ensure that all concerned follow the procurement law and related laws. For your reference and guidance are the four (4) customized volumes: Volume I: Guidelines on the Establishment of Procurement Systems and Organizations; Volume II: Guidelines on the Procurement Goods; Volume III: Guidelines on the Procurement of Civil Works and Volume IV: Guidelines on the Procurement of Consulting Services.

With these, we hope to improve the efficiency and effectiveness of our procurement systems, practices and processes.

ENRIQUE T. ONA, MD

Secretary of Health

### Executive Summary

The role of public procurement in any government worldwide has change drastically over the years. Once a matter exclusive only to experts has now become subject to public scrutiny. TRANSPARENCY and GOOD GOVERNANCE – these were the principal motivating factors, among others, which facilitated the legislation of comprehensive procurement law to govern the acquisition of goods and services in the government. Anchored on the understanding that public procurement is at the heart of delivering public service, sound procurement policies and procedure is fundamental to any government operations.

In the Philippines, a comprehensive procurement act was enacted in 2003. On 26 January 2003, Republic Act 9184 or the Government Procurement Reform Act took effect. It established a systematic and standardized procurement process for all government agencies, bureaus, departments, government-owned, and government-controlled corporations. The conduct of procurement shall be governed by the principle of transparency in all procurement transactions, fair and equitable competition among prospective bidders/suppliers, streamlined procurement process, system of accountability for both procurement practitioners and prospective bidders/suppliers, and public monitoring to ascertain compliance with the provisions of RA 9184, its Implementing Rules and Regulations and other procurement-related governmental issuances. The procurement framework covers the procurement process from planning to contract implementation and termination. A procurement policy-making body referred to as the Government Procurement Policy Board was also established by virtue of the same statute.

On 08 October 2003, the Implementing Rules and Regulations Part-A of RA 9184 was approved. It covered only all domestically funded procurement but not those involving Foreign Assisted Projects. Competitive bidding is established as the principal mode of procurement but the existence of certain procurement conditions warrants the use of alternative mode of procurement such as Negotiated Procurement, Shopping, Limited Source Bidding, Repeat Order, and Direct Contracting. For those procurement projects undertaken through competitive bidding, procurement tenders/invitations must be publicized in the prescribed media and locations. Submission of eligibility documents forms a crucial role in the public bidding.

The GPPB, pursuant to its mandate to formulate and amend public procurement policies, practices, rules and regulations, formulated the Revised Implementing Rules and Regulations which took effect on the 2 September 2009. The IRR now shall cover all domestically funded and foreign-assisted projects. Major amendments in the procurement guidelines include a more detailed procurement planning align with the Agency's budget allocation, the change of procurement procedure for Infrastructure projects from two-stage bidding process to a single- stage, the introduction of the two-envelope system, the additional instances or conditions for the use of alternative mode of procurement such as Negotiated Procurement, increase threshold for the conduct of Shopping and Small Value Procurement and longer procurement timelines, among others.

The Philippine Bidding Documents, standard forms, and the Generic Procurement Manual are prepared and harmonized to reflect the amendments contained in the IRR of RA 9184. The mandatory usage of the abovementioned documents will promote a systematize procurement process, avoid confusion, and ultimately ensure transparency.

Since the agency is given the prerogative to customize the GPM to suit the needs, peculiarity, nature, or complexity of its procurement by virtue of Section 6.2 of the IRR, the following Manuals are being issued by the Department of Health to address procurement concerns of DOH procurement practitioners: Volume I: Guidelines on the Establishment of Procurement Systems and Organizations, Volume II: Guidelines on the Procurement Goods, Volume III: Guidelines on the Procurement of Civil Works, and Volume IV: Guidelines on the Procurement of Consulting Services.

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## SECTION 1 INTRODUCTION

#### **SCOPE OF VOLUME 2**

This Manual seeks to provide its users with clear, concise, and accurate information on the public procurement of goods and services, by discussing the steps that need to be taken to effect such procurement in the manner prescribed by R.A. 9184, otherwise known as the "Government Procurement Reform Act," and the revised IRR. It also discuss important issues that may confront government officials in all stages of procuring goods and services, from the preparation of bid documents, to the actual bidding activity, monitoring of contract implementation and the final payment to the supplier.

This Manual focuses on public procurement of goods and services. The procedures are harmonized to a large extent with the International Financial Institutions, foreign government, or bilateral agencies lending to the Philippines. There are, however, policies which are specific to a particular lending agency or grantor as contained in executive agreements/treaties executed between and/or among the Republic of the Philippines and these foreign grantor or lender. The Manual may highlight the main differences. Certain policies affecting the procurement of goods and services under foreign assisted projects are incorporated into the Revised Implementing Rules and Regulations of Republic Act 9184. These include as its default position the use of the procurement process laid down in the revised IRR or at least selection through competitive bidding. It should however be noted that the loan, credit or grant agreement with the relevant IFIs and/or bilateral and their respective guidelines will be the overriding factors governing the foreign assisted projects.

**GOODS** refer to all items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the transaction of public businesses or in the pursuit of any government undertaking, project or activity. The term refers to, among other subjects, equipment, furniture, stationery, materials for construction, or personal property of any kind, including non-personal or contractual services such as the repair and maintenance of equipment and furniture. It also refers to trucking, hauling, janitorial, security, and related or analogous services (e.g. rental of venues and facilities, catering services, attendance to trainings and seminars, short term services not considered as consulting services), as well as procurement of materials and supplies provided by the Procuring Entity for such services. The term "related" or "analogous services" shall include, but not be limited to, lease or purchase of office space, media advertisements, health maintenance services, and other services essential to the operation of the Procuring Entity (Section 5.r of the revised IRR).

This Manual shall be used with the standard Philippine Bidding Documents for goods.

In case of an inconsistency or conflict between this Manual and R.A. 9184 and/or the revised IRR, the latter shall govern.

### **SECTION 2**

# PREPARATIONS FOR THE PROCUREMENT OF GOODS

## ESSENTIAL PREPARATIONS FOR PROCUREMENT OF GOODS

Volume I of this Manual contains an extensive discussion of Procurement Planning as a general concern for all kinds of government procurement, while this section mainly focuses on concerns that are particular to the procurement of goods and services. As such, it is advisable for the reader to refer to the pertinent discussions in Volume I before and during the reading of this Section.

Preparing makes for higher efficiency and efficacy. It enables the procurement officials concerned to anticipate the onset of events and, as a consequence, better calibrate their response to them. Having a better appreciation of forthcoming events gives these officials the opportunity to test a range of possible courses of action, choose the best and most feasible of these, and identify measures to put them into action. Ultimately, it would enable them to determine the best manner by which such measures are to be implemented, ensuring that their individual and collective impacts are optimized at the least cost.

Preparing for procurement basically involves three (3) activities:

- 1. Procurement planning
- 2. Preparation of the bidding documents
- **3.** Conduct of the pre-procurement conference.

Procurement planning entails ensuring that plans for procurement are linked to budgets, preparing the Project Procurement Management Plan and consolidating all PPMPs into the Annual Procurement Plan. Formulating the PPMP involves identifying the procurement project requirements, writing the technical specifications, determining the Approved Budget of the Contract, identifying the schedule of milestone activities, and determining the method of procurement.

The PPMP is then transformed into the bidding documents, which ought to contain all the information a prospective bidder needs to prepare its bid. Therefore, in preparing the bidding documents, one has to ensure that these accurately and comprehensively reflect the main elements of the PPMP. One also has to make sure that the documents are of the kind and form prescribed by the Revised IRR and this Manual.

#### MANUAL OF PROCEDURES FOR THE PROCUREMENT OF GOODS

The pre-procurement conference is the forum where all officials of the Procuring Entity involved in the project meet to discuss all aspects of the said project to determine the readiness of the Procuring Entity to undertake the procurement. The conference focuses on the technical specifications, the ABC, the appropriateness and applicability of the recommended method of procurement, and the availability of pertinent budget releases, among others.

#### A. PROCUREMENT PLANNING

#### 1. LEGAL REFERENCE

Section 7 of the revised IRR of RA 9184 is the legal basis of procurement planning which primarily deals with the preparation of the PPMPs by the end-user units, PPMP evaluation and linkages into the Agency's Budget Proposal as conducted by the Budget Office and consolidation thereof into the APP by the BAC Secretariat.

Planning of the procurement of Goods and Services shall be in accordance with the principles of government procurement as provided for under Section 3 Volume I.

#### 2. PURPOSE

Procurement planning is one of the key components of the procurement reforms given that some problems in public procurement and logistics management are traced from inefficient procurement planning. A well planned procurement have significant impact on lowering procurement costs, generating substantial saving, and ensuring that the right quality of Goods are available at service delivery points including limiting unnecessary wastages.

Each DOH Procuring Entity needs to sensibly, thoughtfully and prudently plan their procurements annually. Planning is undertaken to ensure wise and judicious use of limited financial resources and to purchase and have these goods, services on the time that these are needed. Moreover, procurement plans allow integration with health plans and targets, and permits efficient matching of resources to expected health outputs and outcomes including monitoring of physical and financial performance.

Operationally, the Procurement Plan allows early arrangement of procurement and related activities. These include procurement scheduling, cash allocation and expenditure management, projection of deliveries, warehouse space allocation and distribution to health facilities among others. Each end-user unit namely Bureaus/Centers, Services, Programs, Divisions and Departments shall prepare their PPMPs and submit this to the concerned BAC Secretariat for consolidation and production of the DOH Procuring Entity's APP.

#### 3. RULES AND GUIDELINES

#### 3.1 FACTORS TO CONSIDER IN PLANNING

In planning for the procurement of goods, the PMO or the end-user unit should consider the following factors which have an impact on contract packaging, the procurement method to be used, and other components of Procurement Planning as discussed in Volume 1 of these Manuals:

#### 3.1.1. NATURE OF GOODS TO BE PROCURED

Goods may be classified into different categories, such as:



IMPORTANT POINTS TO PONDER

The Procuring Entity must consider the services of the PhilGEPS in the procurement of all kinds of supplies. This will free it from the tediousness of attending to recurring transactions, and provide greater time for the high procurement of value, highly specialized requirements for its more significant projects.

#### a. Common-use supplies

As defined in the revised IRR, common-use supplies are those goods, materials, and equipment that are repetitively used in the day-to-day operations of procuring entities in the performance of their functions. For the purpose of the revised IRR, common-use supplies shall be those included in the Electronic Catalogue of the PhilGEPS (Section 5.g of the revised IRR). Common-use supplies should be procured from PS-DBM on a quarterly basis.

#### b. Inventory items

Inventory items include common-use supplies, goods, materials and equipment that are not in the Price List of the PhilGEPS but are regularly used and kept on stock by the Procuring Entity. Inventory items that are not "common-use supplies" may be procured from commercial sources, or suppliers other than the PhilGEPS. The bulk purchase of these goods may be a good strategy to lower costs and achieve administrative efficiency. Likewise, it is a good practice to monitor the consumption of these items and identify when re-orders are necessary to ensure "round-the-clock" availability and to avoid over-the-counter purchases or purchases using petty cash funds.

## **c. Non-common use supplies** (which may include equipment or supplies that are project-specific)

Non-common use supplies, on the other hand, are those goods, materials, and equipment that are neither "commonuse supplies" nor "inventory items", and may include those goods, materials and equipment that are required by the Procuring Entity for a specific project only. Since these are not used regularly, and may even be highly specialized, these may be procured individually. There may be cases, however, when the APP will reveal that similar items are required for different projects, and in order to minimize costs, these may be procured under a single contract. For goods that are available off-the-shelf and are of relatively low value, shopping may be resorted to, provided the conditions for the use of this alternative mode of procurement are present.

#### d. Services

It refer to general support services, except consulting services and infrastructure projects, which may be needed in support of the transaction of public businesses or in the pursuit of any government undertaking, project or activity. These include non-personal or contractual services such as the repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security and related or analogous services (e.g. rental of venues and facilities, catering services, attendance to trainings and seminars, short term services not considered as consulting services). The terms "related services" or "analogous services" shall include, but not be limited to, lease or purchase of office space, media advertisements, health maintenance services, and other services essential to the operation of the Procuring Entity.

#### 3.1.2 AVAILABILITY OF THE GOODS OR SERVICES IN THE MARKET

The identification of the mode of procurement is sometimes dependent on the supply market. The procurement unit or office should, therefore, study the supply market to determine the availability of the goods. Goods that are universally available should be procured through public bidding. However, there are instances wherein alternative modes of procurement may be applicable due to the specificity or highly technical nature of the procurement activity as conditions so warrant.

Goods that are available seasonally, or those that are to be manufactured specially for the Procuring Entity only upon its order, would require more intensive planning in terms of timelines for procurement, taking into consideration manufacturing lead-time.

## 3.1. 3. OBSOLESCENCE, OPERATION, AND MAINTENANCE OF EQUIPMENT/NON-CONSUMABLE GOODS

In buying equipment, the Procuring Entity has to consider the operation and maintenance requirements of the goods to be procured. These refer to the availability and cost of spare parts in the local market, the skills required in operating and maintaining the equipment, and similar considerations. For example, if spare parts and maintenance services are not available locally, or, if available, are very expensive, the Procuring Entity may consider buying, instead, the substitute or equivalent product. It should be noted, however, that spare parts must be available locally. On the other hand, if the items being procured are high-technology items, or are highly specialized (e.g., fighter jets) and cannot be satisfactorily substituted by other products, the Procuring Entity may consider including the supply of spare parts, consumables and/or maintenance services for a specified period of time, as part of the contract package.

Obsolescence could also be a factor in deciding whether to lease or to buy equipment. It may be more economical for the Procuring Entity to consider the leases of equipment that are easily rendered obsolete, like IT equipment. (Please refer to the last paragraph on bid evaluation on this Manual)

The Procuring Entity shall also take into consideration the warranty requirements for goods under Section 62.1 of the revised IRR.

#### 3.2 TECHNICAL SPECIFICATIONS

The term "technical specifications" refers to the physical description of the goods or services, as well as the procuring entity's requirements in terms of the functional, performance, environmental interface and design standard requirements to be met by the goods to be manufactured or supplied, or the services to be rendered. The technical specifications must include the testing parameters for goods, when such testing is required in the contract.

**"Functional description"** is the description of the functions for which the Goods are to be utilized.

#### For example:

A ball pen is expected to write 1.5 km of straight, continuous lines.

"Performance description" refers to the manner that the Goods are required to perform the functions expected of them.

#### For example:

A ball pen that writes at 1.5 km should do so continuously and smoothly, without skipping, and with the color of the ink being consistent.

"Environmental interface" refers to the environment in which the required functions are performed at the desired level.

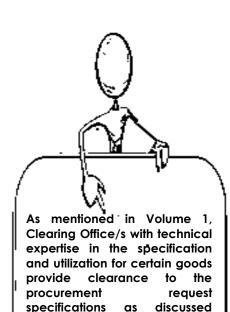
#### For example:

A ball pen should write continuously for 1.5 km on pad paper or bond paper, but not necessarily on wood or on a white board.

"Design" refers to the technical design or drawing of the goods being procured. A design standard is particularly useful in cases where the goods procured are specially manufactured for the procuring entity.

For example, in procuring Battle Dress Attire for the Philippine Army, there is a specific pattern of color and shade that the Battle Dress Attire should follow.

#### 3.2.1 CONSIDERATIONS IN SETTING TECHNICAL SPECIFICATIONS



erstwhile in this manual.

In determining the technical specifications of the goods it will procure, the PMO or end-user unit must consider the objectives of the project or the procurement at hand, and identify the standards that should be met by the goods in terms of function, performance, environmental interface and/or design. It must also conduct a market survey that will include a study of the available products or services, industry developments or standards, product or service standards specified by the authorized government entity like the Bureau of Product Standards, ISO-9000 or similar local or international bodies. As a rule, Philippine standards, as specified by the Bureau of Product Standards, must be followed. For products where there are no specified Philippine standards, the standards of the country of origin or other international body may be considered.

For drugs and medicines, refer to the Philippine National Drug Formulary as provided for by Executive Order No. 49 (1993), "Directing the mandatory use of the PNDF Volume 1 in the procurement and requisition of drugs and medicines." This EO stipulates the mandatory use of the Philippine National Drug Formulary as the basis for procurement of drugs products by the government. This is also in line with the implementation of RA 6675, otherwise known as the Generic Act of 1988 to promote, require and ensure the production of an adequate supply, distribution, use and acceptance of drugs and medicines identified by their generic names. The DOH pursuant to EO 49 s 1993 issued various Aos to implement this requirement. The most recent issuance is AO 2006-0018 (Reference A), "Implementing Guidelines in the Philippine National Drug Formulary System and

the "Guidelines for the Procurement of Drugs and Medicines, Medical Equipment and Other Related Health Goods and Service." Also refer to the Cheaper Medicine Law.

Product brochures, technical publications, industry newsletters, the industry itself, as well as the Internet, are good sources of product information. The conduct of a comparative study of the options available in the market and their relevance to the requirements of the Project is highly recommended.

In-house experts who are part of the TWG or the PMO must likewise be tapped to provide technical advice. If there are no in-house experts available to provide advice on highly technical Goods, the Procuring Entity may hire consultants to assist it in developing the technical specifications for the procurement at hand.

The use of brand names, or tailor-fitting the technical specifications to specific brand names, is prohibited. Specifications for the procurement of goods shall be based on relevant characteristics and/or performance requirements. Hence, a generic description of the product or service must be used.

#### 3.2.2 ABC as the ceiling in Foreign-Assisted Projects

FAPs guidelines generally require the Procuring Entity to specify internationally accepted standards such as those issued by the International Standards Organization with which the equipment or materials or workmanship should comply, except that where such international standards are unavailable or are inappropriate, national standards may be specified.

For this reason, the Procuring Entities should refer to the pertinent provisions of the applicable standard bidding documents for the project. For example, although specifications should be based on relevant characteristics and/or performance requirements, and references to brand names, catalog numbers or similar classifications should be avoided in certain instances, it may be necessary to quote a brand name or catalog number of a particular manufacturer to clarify an otherwise incomplete specification, the words "or its equivalent" should be added after such reference. The specifications must then permit the acceptance of offers for goods which have similar characteristics and which provide performance at least substantially equivalent to those specified.

Unlike its predecessor, there is now a provision in the revised IRR which recognize the setting of an ABC as the ceiling for bid prices in FAPs subject to certain conditions as prescribed. According to Section 31.2 of the revised IRR, for Foreign-funded Procurement, the ABC shall be applied as the ceiling, provided that the following conditions are met:

- a) Bidding Documents are obtainable free of charge on a freely accessible website. If payment of Bidding Documents is required by the procuring entity, payment could be made upon the submission of bids.
- b) The procuring entity has procedures in place to ensure that the ABC is based on recent estimates made by the engineer or the responsible unit of the procuring entity and that the estimates are based on adequate detailed engineering (in the case of works) and reflect the quality, supervision and risk and inflationary factors, as well as prevailing market prices, associated with the types of works or goods to be procured.
- c) The procuring entity has trained cost estimators on estimating prices and analyzing bid variances. In the case of infrastructure projects, the procuring entity must also have trained quantity surveyors.
- d) The procuring entity has established a system to monitor and report bid prices relative to ABC and engineer's/procuring entity's estimate.
- e) The procuring entity has established a monitoring and evaluation system for contract implementation to provide a feedback on actual total costs of goods and works.

However, the GOP and the foreign government/foreign or international financing institution may agree to waive the foregoing conditions.

#### 3.3 APPROVED BUDGET FOR THE CONTRACT

The ABC is the Approved Budget for the Contract duly approved by the Head of the Procuring Entity, as provided for in the budget of the Procuring Entity in the General Appropriations Act.

The ABC referred to in R.A. 9184 and the revised IRR basically refers to the proposed budget for the project approved by the HOPE based on the APP as consolidated from various PPMPs.

For FAPs, reference to the standard bidding documents for the project should be made to determine the applicability of the ABC.

#### 3.3.1 FACTORS TO CONSIDER IN DETERMINING THE ABC

In determining the ABC, the PMO or end-user unit must consider the different cost components, namely:

- a) The cost or market price of the product or service itself;
- Incidental expenses like freight, insurance, taxes, installation costs, training costs, if necessary, and cost of inspection and tests;
- The cost of money, to account for government agencies usually buying on credit terms;
- Inflationary factor, since the planning phase is usually done one year ahead of the actual procurement date;
- e) Quantities, considering that buying in bulk usually means lower unit prices; and
- The supply of spare parts and/or maintenance services, if these are part of the contract package.

If the project or contract has a foreign component, it is also best to include a currency valuation adjustment factor, in order to address foreign exchange rate fluctuations between the planning phase and the actual procurement date. To determine the factor to be used, the PMO or end-user unit may refer to BSP statistics or forecasts, if available.

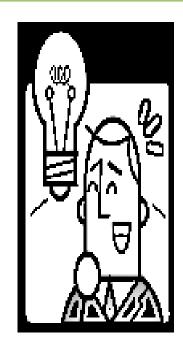
If the sum of the different cost components is lower than the appropriation for the procurement, then the ABC should be equal to the sum of the cost components. If the resulting sum is higher than the appropriation, it is advisable to review the technical specifications and the computation of the ABC. In any case, the ABC should not exceed the appropriation.

In case of bid failure, the BAC is obligated under Section 35 of the revised IRR to conduct mandatory review and evaluation of the ABC, technical specifications, terms and conditions included in the bidding documents. Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct re-bidding with re- advertisement and/or posting, as provided for in Section 21.2 of the revised IRR.

#### MANUAL OF PROCEDURES FOR THE PROCUREMENT OF GOODS

Under this new rule, ABC may be adjusted upward or downward without any restriction/limitation if so warranted. This is a variation from the previous rule, embodied in GPPB Resolution 07-2005, which only allows upward adjustment of the ABC from the original amount on the condition that there has been two-failed bidding and previous modification of the terms, conditions, and specifications of the project.

Furthermore, downward adjustment of the ABC may be considered after the first failed bidding to reflect prevailing market prices and/or scope of work or suit actual field conditions of the project.



The price monitoring data for drugs and medicines are available in the DOH intranet. Some price data are also available from the regular drug price monitoring of the Food and Drugs Administration of pharmacies and other drug outlets nationwide. The CHD Licensing and Regulatory Officer who monitors pharmacies have these data which is also submitted to FDA every quarter. Actual price monitoring from drug outlets as well as from previous biddings can also be used.

A web-based Essential Drugs Price Monitoring Systems also provides comprehensive price data. This is based on AO 2006-0009 (Reference B), "Guidelines Institutionalizing and Strengthening the Essential Drug Price Monitoring System and RA 7581, 'Price Act'."

Each of the Procuring Entity should objectively estimate the ABC of each drug and medicines to be procured for the computation of the bid security. This will help facilitate a better and efficient bid evaluation process. The ABC for each item to be procured is indicated in the bidding document since the Invitation to Bid usually provide for the total ABC. For other health goods, you may go through actual price monitoring or refer to the technical and clearing offices for the base prices as guide in computing the ABC.

#### 3.4 PROCUREMENT REQUEST AND CLEARANCE OF TECHNICAL SPECIFICATION

When the various PPMPs are consolidated and the resulting APP have been approved by the HOPE including the modes of procurement of the consolidated APP.

a) The PMO or End-User prepares a Procurement Request based on New Government Accounting System.

In the case of the DOH Central Office, the end-user unit/PMO shall prepare and submit the Purchase Request to the COBAC Secretariat. This triggers the final preparation of the bidding documents after these have been approved and cleared by technical offices.

The Purchase Request contains the following information:

- i. Quantity of the good to be procured;
- ii. Unit of measure
- iii. Item description or specifications;
- **iv.** Estimated unit cost:

- v. Total Estimated cost (which corresponds to the ABC for the item);
- vi. End-user unit:
- vii. Requesting officer; and
- **viii.** Approving office.
- В. The Purchase Request is coursed through the appropriate technical clearing house or unit in the DOH for the review and clearance of specifications of the goods to be purchased. This is true in the case of non-common use supplies such as pharmaceuticals, medical and dental supplies, laboratory supplies, medical and equipment. information technology hardware and software. The appropriate clearing house or unit may issue one Certificate of Clearance for all drugs and medicines included in the Consolidated Annual Procurement Plan to facilitate the approval of Purchase Request for such items. Some of the clearing houses at the central office are as follows as also discussed in Volume 1. Equivalent units or technical staff at the CHDs or hospitals should be able to provide this kind of service. If not, CHDs and hospitals are encouraged and/or required to consult the central offices concerned. For example, for hospitals planning to put up or upgrade their X- ray facilities, clearance is required from the Bureau of Health Devices and Technology as part of the facility licensing requirements (DOH AO 124 s 1992, "Rules and Regulations Governing the Establishment, Operations and Maintenance of an X-ray Facility in Philippines: and AO 35 s 1994, "Requirements for the Control of Radiation Hazards for Clinical and Diagnostic X-ray Facilities.")

Recently, **Department Order No. 2010-0200 (Reference C)** dated August 27, 2010 was issued to provide for the guidelines on the preparation of the Project Procurement Management Plan for procurement on procurement activities of different offices/units within the DOH Central Office. In the said guideline, the following offices were designated as Clearing Houses of the DOH which shall review and evaluate the procurement requirements, as indicated in the Purchase Order and PPMP, of the different end-users offices/PMOs based on the need, specification and cost.

DESIGNATED CLEARING HOUSES	ITEMS
Administrative Service	Office equipment and supplies Housekeeping repair and maintenance Vehicle supplies and repairs Construction supplies Security, janitorial and messengerial services Brokerage and distribution services Minimal repair of building and other facilities
Bureau of Health Devices and Technology	Health care equipment and devices X-ray and other related radiation emitting equipment and devices
Information Management Service	Information and Communication Technology goods Contractual services such as Internet Service provider Lease/rent of ICT equipment ICT services Information systems design development and related services
Health Policy Development and Planning Bureau	Consulting services

National Center for Health Facilities Development - Health Infrastructure Division	Major repairs that require replanning and re-design and civil works  Construction design and supervision
National Center for Health Promotion	Printing and audio visual supplies and equipment Tri-media placements or advertisements
National Center for Pharmaceutical Access and Management	Drugs and medicines Pharmaceutical products
National Reference Laboratory for Environmental and Occupational Health, Toxicology and Micronutrient Assay	Laboratory supplies and reagents
Procurement Service	All other procurements

- C. At the Central Office, the PMO/end-user is requested to verify from the Finance Service availability of funding (SARO or Certificate of Availability of Fund) for those of advance payment (eq. vaccines, anti-TB drugs) and procured through UN agencies based on loan or grants agreements. However, the SARO/CAF is not required to start the procurement process but must be available before a contract award. (GPPB Circular 02-2008 dated August 1, 2008)
- D. The BAC Secretariat shall further verify whether or not the goods in the Purchase Request are indeed included in the approved Agency's APP. If it is included, the BAC will proceed with the procurement. Otherwise, the end-user unit/PMO must have a Supplemental or Revised Annual Procurement Plan approved before the package is scheduled for processing. If the computerized APP is used, then the Purchase Request is automatically produced.

#### **B. PREPARING THE BIDDING DOCUMENTS**

#### 1. LEGAL REFERENCE

Section 17 of the revised IRR is legal basis in preparing bidding documents.

#### 2. PURPOSE

Bidding documents refers to the documents issued by the procuring entity as the basis for bids, furnishing all information necessary for a prospective bidder to prepare a bid for the infrastructure projects, goods and/or consulting services required by the procuring entity (Section 5.f of the revised IRR).

These clearly and adequately define, among others, the scope of work, approved budget, duration, and expected outputs of the proposed contract; the minimum legal, technical, and financial requirements that the bidder must meet to be eligible to bid; the documents and other requirements that the bidder must include in its bid; The process and rules for the submission and receipt of bids, evaluation of bids, post-qualification, and award of contract; and The terms and conditions of the contract between the winning bidder and the Procuring Entity including their prospective obligations.

#### 3. RULES AND GUIDELINES

#### 3.1 CONTENTS

Philippine Bidding Documents Third Edition which was edited, approved, and adopted last 30 September 2009 is the standard bidding document to be issued by any procuring entity and it shall contain the following information as segregated into the following sections, to wit:

Section I - Invitation to Bid

Section II – Instructions to Bidders

Section III - Bid Data Sheet

Section IV - General Conditions of Contract

Section V - Special Conditions of Contract

Section VI – Schedule of Requirements

Section VII – Technical Specifications

Section VIII - Bidding Forms

Specifically, as provided in Section 17.1 of the revised IRR, the bidding documents shall include the following information embodied in the standard forms and in this manual as approved by the GPPB, as follows;

- a) ABC;
- **b)** Invitation to Bid;
- c) Eligibility Requirements;
- d) Instructions to Bidders, including scope of bid, documents comprising the bid, criteria for eligibility, bid evaluation methodology/ criteria in accordance with the Act, and post- qualification, as well as the date, time and place of the pre-bid conference (where applicable), submission of bids and opening of bids;
- e) Plans/Drawings and Technical Specifications;
- f) Form of Bid, Price Form, and List of Goods or Bill of Quantities;
- g) Delivery Time or Completion Schedule;
- **h)** Form, Amount, and Validity Period of Bid Security;
- Form, Amount, and Validity of Performance Security and Warranty; and
- j) Form of Contract and General and Special Conditions of Contract.

Each DOH procuring entity shall mandatorily use the prescribed PBD. For every contract to be bid, the Procuring Entity shall prepare the BDs by adopting the standard PBDs. The Procuring Entity, however, shall insert in the PBDs the information specific to the contract, particularly in the IB, BDS, GCC, SCC, Technical Specification, and Bidding Forms in order to produce the complete PBD. However, in the procurement of goods for FAPs the applicable bidding documents depend upon whether the existing executive/ international agreement or treaty explicitly provide for the use of the foreign/international financial institution or foreign government procurement procedures and guidelines (Section 4.3 of the revised IRR). Otherwise, the provisions of RA 9184, the revised IRR, and the prescribed PBD will be employed. This simply means that the use of bidding documents in FAPs depend upon the funding source involved. Take for instances, International Competitive Bidding undertaken through World Bank procurement procedure requires the use of its very own bidding documents.

#### 3.1.1 FACTORS TO CONSIDER IN PREPARING BIDDING DOCUMENTS

The bidding documents should clearly state the type of contract to be entered into and contain the proposed contract provisions appropriate therefore. The most common types of contracts provide for payments on the basis of a lump sum, unit price, or combinations thereof.

The size and scope of individual contracts will depend on the magnitude, nature, and location of the project, for example:

- a) For projects requiring a variety of goods and works, separate contracts may be awarded for the supply and/or installation of different items of equipment and plant ("plant" refers to installed equipment, as in a production facility) and for the works.
- b) For a project requiring similar but separate items of equipment or works, bids may be invited under alternative contract options that would attract the interest of both small and large firms, which could be allowed, at their option, to bid for individual contracts (lots) or for a group of similar contracts (package). All bids and combinations of bids should be received by the same deadline and opened and evaluated simultaneously so as to determine the bid or combination of bids offering the lowest calculated cost to the Procuring Entity.

c) In certain cases, the Procuring Entity may require a turnkey contract under which the design and engineering, the supply and installation of equipment, and the construction of a complete facility or works are provided one (1) contract. Alternatively, the Procuring Entity may remain responsible for the design and engineering, and invite bids for a single responsibility contract for the supply and installation of all goods and works required for the project component. Also acceptable, where appropriate, are contracts such as, but not limited to: (a) design and build; (b) design, build and operate; (c) design, build and lease; and (d) management contract.

#### 3.1.2 MINIMUM REQUIREMENTS

The specifications and other terms in the Bidding Documents shall reflect minimum requirements or specifications required to meet the needs of the procuring entity in clear and unambiguous terms (Section 17.2 of the revised IRR). A bidder may, therefore, be allowed to submit a superior offer. However, in the evaluation of the bids, no premium or bonus must be given as a result of this superior offer. This rule is based on the nature of the procedure used to evaluate the technical proposals — a "pass/fail" method — such that the presence or absence of the technical requirements is the sole basis for determining technical compliance. After having established compliance with the technical specifications, the next factor to consider would then be the price or financial bid.

#### 3.2 PARTICIPANTS

The following have essential participation in the preparation of the bidding documents:

- a) BAC;
- **b)** BAC Secretariat;
- c) TWG or technical expert whenever necessary;
- d) Consultants, if any; and
- e) End-user unit/PMO.

#### 3.3 TIME OF PREPARATION

The bidding documents must be prepared in time for presentation at the preprocurement conference.

Since the issuance of the bidding documents for procurement of goods/services commence on the first day of advertisement until the deadline for the submission and receipt of bid proposal (**Section 17.3 of the revised IRR**), it is most preferable therefore that before the advertisement /posting of the IB the bidding documents needed are finalized.

#### 3.4 OTHER PRACTICES TO ENSURE SUCCESSFUL PROCUREMENT

In addition to properly crafted bidding documents, there are other practices that should be observed by the Procuring Entity to ensure successful procurement.

All prospective bidders should be provided the same information, and should be assured of equal opportunities to obtain additional information on a timely basis.

Procuring Entities should provide reasonable access to project sites for visits by prospective bidders.

Any additional information, clarification, correction of errors, or modifications of bidding documents should be sent to each recipient of the original bidding documents in sufficient time before the deadline for receipt of bids to enable bidders to take appropriate actions. If necessary, the deadline should be extended. These changes or modifications shall be reflected in Supplemental Bid Bulletins, as discussed erstwhile in this manual, and made part of the bidding documents (Section 22.5 of the revised IRR) which shall govern the conduct of the procurement at hand.

#### 4. PROCEDURE

BAC Secretariat, with the assistance from the TWG members or technical experts whenever necessary, consultants (if any) and the end-user unit/PMO, prepares the bidding documents by using the PBD, as described in Section 3.1 of the revised IRR, following the standard forms and this manual as approved by the GPPB.

The Procuring Entity may require additional document requirements or specifications, where applicable and necessary for prospective bidders to prepare their respective bids. The bidding documents, as amended, shall subsequently form an integral part of the contract. Statements not made in writing at any stage of the bidding process shall not modify the bidding documents.

# 4.1 POSTING AND DOWNLOADING OF BIDDING DOCUMENTS FROM THE PHILGEPS WEBSITE

The procuring entity shall also post the Bidding Documents at its website and at the PhilGEPS website from the time that the Invitation to Bid is advertised. Prospective bidders may download the Bidding Documents from any of the said websites; provided that, bidders shall pay the fee for the Bidding Documents upon submission of their Bids (Section 17.5 of the revised IRR).

The abovecited provision facilitates a more expeditious and efficient issuance of the bidding documents because it is made available online. However, the bidders are still required to pay the necessary fee for the bidding documents upon submission of their bids.

#### 4.2 MONITORING OF BIDDING DOCUMENTS

To monitor the issuance of bidding documents, the BAC may label or number copies of such documents, i.e., "Copy No. 1, 2, 3, etc." or "Copy for Observer", "Copy for BAC Member No.1". The Secretariat may choose a numbering or labeling system that is appropriate for the Procuring Entity.

# C. CONDUCT THE PRE-PROCUREMENT CONFERENCE

#### 1. PRE- PROCUREMENT CONFERENCE

The pre-procurement conference is the forum where all officials involved in the procurement meet and discuss all aspects of a specific procurement activity, which includes the technical specifications, the ABC, the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, and availability of the pertinent budget release for the project.

#### 2. NECESSITY OF PRE-PROCUREMENT CONFERENCE

For projects involving an ABC amounting to more than Two Million (Php 2.000,000.00), a pre-procurement conference is conducted to determine the readiness of the procuring entity to procure goods and services in terms of the legal, technical and financial requirements of the project. More specifically, it ensures that the procurement will proceed in accordance with the project. More specifically, it ensures that the procurement will proceed in accordance with the PPMP and APP, confirms the availability of appropriations and programmed budget for the contract, and reviews all relevant documents in relations to their adherence to the law.

Even when the ABC amounts to Two Million (Php 2.000,000.00) and below, the BAC is encouraged to conduct a pre-procurement conference if the circumstances, like the complexity of the technical specifications, warrant the holding of such conference before the procuring Entity proceeds with the procurement.

#### 3. PARTICIPANTS

The following must participate in the pre-procurement conference:

- a) BAC;
- **b)** BAC Secretariat;
- c) Representatives of the PMO or end-user unit/s;

- d) The members of the TWG/s or technical experts who reviewed the technical specifications and/or consultants hired by the Procuring Entity who prepared the technical specifications, TORs, bidding documents and the draft advertisement, as the case may be, for the procurement at hand;
- e) Officials who reviewed the above-enumerated documents prior to final approve, if any;
- f) Other officials concerned, as may be required.

#### 4. DESIRED RESULTS

A pre-procurement conference should: (Section 20 of the revised IRR)

- **1.** Ensure that the procurement is in accordance with the PPMP and APP.
- **2.** Determine the readiness of the procurement at hand, including, among other aspects, the following:
  - a) Availability of appropriations and programmed budget for contract;
  - **b)** Completeness of the Bidding Documents and their adherence to relevant general procurement guidelines;
  - c) Completion of the detailed engineering according to the prescribed standards in the case of infrastructure projects; and
  - **d)** Confirmation of the availability of Right of Way and the ownership of affected properties.
- 3. Confirm the description and scope of the contract, the ABC, and contract duration;
  - Review, modify and agree on the criteria for eligibility screening, evaluation, and post-qualification; (Section 20.1 of the revised IRR)
  - **b)** Review, modify and agree on the criteria for the evaluation of bids/proposals, and ensure that the said criteria are fair, reasonable and applicable to the procurement at hand;
  - **c)** A "fair" evaluation criteria means such as are applicable to all similar goods offered in the market, and are not tailor-fit or customized for a particular product/service or brand.

- **d)** Review, modify and agree on the acceptable minimum specifications and other terms in the bidding documents;
- **e)** Review the PPMP, including the milestones and the method of procurement for the procurement at hand;
- f) Reiterate and emphasize the importance of confidentiality, in accordance with Section 19 of the revised IRR. Emphasize the "no contact rule" during the bid evaluation process, and the applicable sanctions and penalties, as well as agree on measures to ensure compliance with the foregoing. (Please refer to Step 5, Evaluate Bids for a discussion on the "no contact rule".); and
- **g)** Ensure that the requirements of the Goods to be procured are in accordance with the ABC.

# **SECTION 3**

THE PROCUREMENT SERVICE
OF THE DEPARTMENT OF
BUDGET AND MANAGEMENT
AND THE PHILIPPINE
GOVERNMENT ELECTRONIC
PROCUREMENT SYSTEM

# PROCUREMENT SERVICE OF DBM AND PHILGEPS

#### 1. MANDATE OF THE PS-DBM

The Procurement Service – Department of Budget and Management was created under Letter of Instruction No. 755 (Relative to the Establishment of an Integrated Procurement System for the National Government and its Instrumentalities) with the following functions, among others:

- 1.1 Identify those supplies, materials, and such other items, including equipment, which can be economically purchased through central procurement and which it shall cover within its scope of activity;
- **1.2** Determine the technical specifications of items that it will procure for agencies of the Government:
- **1.3** Identify the sources of supply which are able to offer the best prices, terms and other conditions for the items procured by government; and
- **1.4** Purchase, warehouse and distribute items for resale to agencies of government, including GOCCs.

Moreover, it is mandated under the GPRA to administer the Philippine Government Electronic Procurement System or the PhilGEPS.

All procuring entities are directed to purchase common-use supplies from the PhilGEPS.

#### 2. POLICY ON THE USE OF THE PhilGEPS.

To promote transparency and efficiency, information and communications technology shall be utilized in the conduct of procurement procedures. Accordingly, there shall be a single portal that shall serve as the primary source of information on government procurement. The PhilGEPS shall serve as the primary and definitive source of information on government procurement. For this purpose, the Electronic Procurement System established in accordance with E.O. No. 322, s. 2000 and E.O. NO. 40, s. 2001 shall be continued to be managed by the PhilGEPS. under the supervision of the GPPB, as the PhilGEPS in accordance with the revised IRR.

All procuring entities are required to use the PhilGEPS in all its procurement of commonuse supplies. For the procurement of non-common use items, procuring entities may hire service providers through competitive bidding to undertake their electronic procurement. (*Refer to the GPPB Circular 01-2005*)

To fully comply with the requirement under Section 8.2.1 of the revised IRR, and to promote transparency and efficiency in government procurement, all notices of awards of contract, and other related information must be posted in the bulletin board of the PhilGEPS website, being the single portal of information on all government procurement activities, in addition to the posting in the website of the Procuring Entity concerned, if available.

#### 3. PRESENT FEATURES OF THE GEPS AND THE PS-DBM WEBSITE

As discussed in Volume 1 Section 5, the existing PhilGEPS has two (2) features that are of special relevance to the procurement of goods, namely: (i) notification feature which includes the posting of IBs and other notices, as well as the matching of procurement opportunities with the appropriate supplier; and (ii) the registry of suppliers.

Additionally, the PhilGEPS website <u>(www.philgeps.net)</u> and Procurement Service website <u>(www.procurementservice.org)</u> contain an electronic catalogue of common-use supplies that can be bought from the DBM-PS. This catalogue includes the descriptions of the items, current prices, stock positions, and other relevant information. Although this information is available online, purchasing is currently still done manually.

#### 4. PROCEDURE ON THE PROCUREMENT THROUGH THE PS-DBM

The following steps are undertaken in the procurement, by a Procuring Entity, of goods through the PhilGEPS:

- a) The Procuring Entity transacts with the PhilGEPS through its duly authorized personnel, designated in accordance with the following guidelines:
  - i. For purposes of coordinating with the PhilGEPS and the PhilGEPS regarding the procurement of common-use supplies, a Procurement Officer who is also a member of the BAC Secretariat shall serve as the liaison officer:

- ii. For purposes of coordinating with the PhilGEPS. regarding the delivery of goods and technical inspection thereof, the Supply Officer shall liaise with the former;
- b) The Procurement Officer registers with the PhilGEPS and s/he is issued a Certification, a user-name and a system-generated password. (Note: Procedures covering the various activities that require coordination with the PhilGEPS are indicated in the appropriate Sections of this Manual. Reference may also be made to Volume 1)
- c) For the procurement of common-use supplies, the procurement unit or office obtains from the PhilGEPS its latest Price List of Common-Use Supplies. It then prepares the Agency Purchase Request where it will indicate the description, quantity and price of the goods it will procure.
- **d)** The APR is submitted to the appropriate official of the Procuring Entity for approval, and to the Chief Accountant for certification of availability of funds.
- e) Upon its approval and the certification of funds for it, the APR is forwarded to the Finance Office for the preparation of the corresponding Delivery Voucher and MDS check payable to PhilGEPS. The same shall go through the regular approval process for similar documents.
- The approved APR together with the MDS check is submitted to PhilGEPS for appropriate action. (Note: The internal procedures of the PhilGEPS are embodied in their Operations Manual. Reference thereto may be made).
- Once the PS-DBM indicates to the procurement unit or office the schedule of delivery and inspection, the latter immediately informs the appropriate Supply Officer and turn over the necessary documents to him (APR and technical descriptions of the goods procured, if any).
- **h)** The Supply Officer coordinates with the Technical Inspection and Acceptance Committee for the technical inspection of the goods procured and the subsequent acceptance by the said Committee.

#### 5. HOW TO FACILITATE PROCUREMENT THROUGH THE PhilGEPS.

The Procuring Entity should institute the appropriate systems and procedures between the Procurement Officer and the Supply Officer so that coordination between them with regard to their transaction with the PhilGEPS would be optimal. This essentially means that documents and information are passed on from the Procurement Officer to the Supply Officer who takes over the procurement function upon delivery, inspection, and acceptance of the procured goods.

Procuring Entity may wish to consider authorizing the DBM to withhold a certain amount of its budget for the procurement of common-use supplies from the PhilGEPS. In doing so, it is spared of preparing the DV and MDS check. Its Procurement Officer, instead, shall indicate in the APR that appropriate funds have been deposited with the PhilGEPS to cover the cost of the supplies being procured.

# **SECTION 4**

# PROCUREMENT OF GOODS THROUGH COMPETITIVE BIDDING

#### **COMPETITIVE BIDDING**

#### 1. COMPETITIVE BIDDING DEFINED

Competitive or Public Bidding is a method of procurement that is open to any interested and qualified party. All procurement should be done through Public Bidding except as provided in Rule XVI of the revised IRR (Section 10 of the revised IRR).

#### 2. PROCESSES

Competitive Bidding consists of the following processes: advertisement, pre-bid conference, receipt, opening and examination of eligibility and bid requirements, evaluation of bids, post-qualification, and award of contract (Section 5.h of the revised IRR). A Procuring Entity should, therefore, see to it that its procurement program allows enough time to conduct such Public Bidding.

#### TYPES

There are two (2) types of Competitive Bidding procedures: the **Single-Stage** and **Two-Stage**.

The Single-Stage bidding is the regular procedure used for competitive or public bidding while the two (2) stage bidding is employed when the required technical specifications/ requirements of the contract cannot be precisely defined in advance of bidding, or where the problem of technically unequal bids is likely to occur.

The steps of the Single-Stage Bidding procedure will first be discussed in this section, to be followed by those of the Two-Stage Bidding procedure.

# SINGLE STAGE COMPETITIVE BIDDING

# STEP1. ADVERTISE AND POST INVITATION TO BID

#### 1. LEGAL REFERENCE

Section 21 of the revised IRR is the legal basis in the advertisement and posting of IB.

#### PURPOSE

The IB serves as the notice to interested contractors and to the general public and other interested parties of the proposed procurement for a specific contract of the Procuring Entity. It provides basic information that will enable prospective bidders to decide whether or not to participate in the procurement at hand.

Advertising/ posting the IB and ensuring its widest possible dissemination will increase the number of prospective bidders and intensify competition for the procurement activity or project. Intensified competition, in turn, will ensure that the government, in general, and the Procuring Entity, in particular, will get the best possible proposals as to quality and cost.

#### 3. RULES AND GUIDELINES

#### 3.1 CONTENTS

The IB shall provide prospective bidders the following information, among others:

- a) The name of the contract to be bid, and a brief description of the goods to be procured;
- **b)** A general statement on the criteria to be used by the Procuring Entity for:
  - i. Examination of eligibility documents;
  - ii. Preliminary examination and detailed evaluation of bids; and
  - iii. Post-qualification;

- c) The date, time and place of the deadline for:
  - i. The submission and receipt of the eligibility requirements;
  - ii. The pre-bid conference if any;
  - iii. The submission and receipt of bids; and
  - **iv.** The opening of bids;
- d) The ABC;
- **e)** The source of funding;
- The period of availability of the bidding documents, the place where the bidding documents may be secured and, where applicable, the price of the bidding documents;
- **g)** The contract duration or delivery schedule;
- h) The name, address, telephone number, facsimile number, e-mail and website addresses of the concerned Procuring Entity, as well as its designated contact person;
- The Reservation Clause, which is normally located at the bottom of the notice; and
- *j)* Such other necessary information deemed relevant by the Procuring Entity.

#### 3.2 POSTING AND ADVERTISEMENT

The IB for projects with ABCs of more than Two Million Pesos (\$\mathbb{P}\$ 2,000,000.00) must be advertised and posted as follows: (Section 21.2. of the revised IRR)

a) Advertised at least once in a newspaper of general nationwide circulation, which has been regularly published for at least two (2) years, before the date of issue of the advertisement. (It is advisable that the posting be made at least on the 7<sup>th</sup> calendar days after the pre-procurement conference.

However, if during the pre-procurement conference, the BAC finds that it is not prepared to undertake the bidding process, it should not hesitate to consider moving the date of advertisement/posting thereof at a later date to allow more time to perfect the same);

- b) Posted continuously in the PhilGEPS website, the website of the procuring entity concerned, if available, and the website prescribed by the foreign government/foreign or international financing institution, if applicable, for seven (7) calendar days starting on the date of advertisement; and
- c) At any conspicuous place reserved for this purpose in the premises of the Procuring Entity as certified by the head of the BAC Secretariat, for seven (7) calendar days, if applicable.

Furthermore, the DOH procuring entity is not precluded to post the IB in another DOH agency or others subject to the condition that prior approval is requested and granted to the requesting procuring entity. Moreover, the IB may also be posted at the city/municipal hall and/or provincial capitol where the project is located. But the heads of contractors' organizations in the area shall also be informed of such advertisement.

This way the public is informed of the bidding activity to be conducted. Most importantly, the prospective bidders are notified and given the opportunity to participate in the said bidding.

For projects with ABCs of Two Million Pesos (\$\frac{P}{2}\$,000,000.00) and below, the IB should be posted:

- a) Continuously on the website of the Procuring Entity, as provided in Section 8 of the revised IRR, and the PhilGEPS for at least seven (7) calendar days starting on date of advertisement, if applicable; and
- At any conspicuous place reserved for this purpose in the premises of the Procuring Entity, as certified by the head of the BAC Secretariat, for seven (7) calendar days, if applicable. Moreover, the IB shall also be posted at the city/municipal hall and/or provincial capitol where the project is located. Finally, the heads of contractor's organization in the area shall also be informed of such advertisement.

FAPs may have additional publication requirements. For this reason, reference should be made to the appropriate standard bidding documents for the project.

#### 3.3 RESPONSIBILITY OF THE BAC

The BAC Secretariat is responsible for ensuring that the IB is advertised and posted in accordance with law. (Section 14.1.f of the revised IRR)

#### 3.4 RESERVATION CLAUSE

The Reservation Clause declares that the HOPE reserves the right to reject any and all bids, to declare a failure of bidding, or not to award the contract in the following situation:

- a) If there is prima facie evidence of collusion between appropriate public officers or employees of the procuring entity, or between the BAC and any of the bidders, or if the collusion is between or among the bidders themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;
- b) If the BAC is found to have failed in following the prescribed bidding procedures for which the applicable sanctions shall be applied to the erring officers, as provided in Section 65 of the revised IRR; or
- c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP, as follows:
  - If the physical and economic conditions have significantly changed so as to render the project no longer economically, financially, or technically feasible, as determined by the Head of the Procuring Entity;
  - **ii.** If the project is no longer necessary as determined by the HOPE; and
  - iii. If the source of funds for the project has been withheld or reduced through no fault of the procuring entity (Section 41 of the revised IRR).

In the case of Mata v. San Diego, G.R. No. L-30447 (March 21, 1975), the Supreme Court of the Philippines declared that a bidder is bound by the reservation clause, and the said clause vests in the authority concerned the discretion to ascertain who among the bidders is the lowest responsive bidder or the lowest and best bidder or most advantageous to the best interest of the Government. As such, a bidder has no right or cause of action to compel the BAC or agency to award the contract to it. The Court further stated that this requires inquiry, investigation, comparison, deliberation and decision – a quasi-judicial function which, when honestly exercised, may not be reviewed by the courts. It should be noted, however, that R.A. 9184 Section 41, has placed some limiting qualifiers on the possible contents of the Reservation Clause.

If the HOPE abuses his power to reject any and all bids, as provided by the Reservation Clause, with manifest preference to any bidder who is closely related to him in accordance with Section 47 of the revised IRR, or if it is proven that he exerted undue influence or undue pressure on any member of the BAC or any officer or employee of the Procuring Entity to take such action, and the same favors or tends to favor a particular bidder, he shall be meted with the penalties provided in Section 65 of the revised IRR. (Section 65.1.e of the revised IRR)

#### 4. PROCEDURE

The following steps are followed in the advertising and posting of IBs:

- a) For public bidding of contracts with an ABC costing more than Two Million Pesos (₽ 2,000,000.00)
  - 1. The BAC Secretariat prepares the draft IB for review/approval of the BAC
  - 2. The BAC approves the contents of the IB during the pre-procurement conference.

- 3. The BAC Secretariat posts the IB in any conspicuous place reserved for this purpose in the premises of the Procuring Entity for the duration required; and this fact will be certified to by the head of the Secretariat.
- **4.** The BAC Secretariat advertises the IB in a newspaper for the duration required, as described above.
- 5. The BAC Secretariat, through its member who is authorized to transact with the PhilGEPS, posts the IB in the following websites: the PhilGEPS and that of the Procuring Entity, if any, for the duration required.
- **b)** For public bidding of contracts with an ABC costing Two Million Pesos (P-2,000,000.00) and below:
  - 1. The BAC Secretariat prepares the draft IB for review/approval of the BAC.
  - **2.** The BAC approves the contents of the IB.
  - 3. The BAC Secretariat performs steps (c) and (e) in Item No. 1 above.

# STEP2. ISSUE THE BIDDING DOCUMENTS

#### 1. LEGAL REFERENCE

Section 17 of the revised IRR is the legal basis for the issuance of the bidding documents.

#### 2. PURPOSE

This is the stage when the Procuring Entity provides the prospective Bidders a copy of the bidding documents so that Prospective Bidders can study the requirements and conditions of the procurement process being adopted in general and the specific procurement being bid out.

#### 3. RULES AND GUIDELINES

#### 3.1 SCHEDULE BIDDING DOCUMENTS ISSUANCE

In the procurement of goods, the bidding documents must be made available to the prospective bidder from the time the IB is first advertised/posted until the deadline for the submission and receipt of bids (Section 17.3 of the revised IRR).

The bidding documents are strictly confidential and may not be divulged or released to any person prior to its official release, except to those officially authorized in the handling of the documents. However, after its official release, it shall be made available to the public, unless the procurement at hand affects national security.

#### 3.2 COST OF BIDDING DOCUMENTS

The BAC must consider the cost recovery component in determining the price which interested suppliers would have to pay for the bidding documents ensure that the same would not have an effect of discouraging competition.

The cost recovery component may include the following:

a) Direct costs, which includes:

- i. Development costs, which are incurred in developing the original content of the documents, designs, plans and specifications. However, the design cost may be excluded if it is to be included in the capitalized cost of the project, or the project cost, which is to be recovered from the use of the completed project facility;
- Reproduction costs, which are labor, supplies and equipment rental costs incurred in the reproduction of the documents; and
- iii. Communication costs, which include mail and fax costs, plus costs of advertising, meetings, internet/web posting, and other costs incurred for the dissemination of information about the bidding.

Refer to References for the pricing scheme of bidding documents proposed by the DOH Central Office BAC. (COBAC Resolution on the Pricing Scheme for Bidding Documents - 2<sup>nd</sup> edition).

b) Indirect costs, such as overhead, supervision, and administrative costs allocated to the bidding activity. This may include the costs of paying honoraria to the officers and personnel of the Procuring Entity who are entitled thereto under the law.

In practice, cost recovery entails getting the sum of Direct and Indirect Costs and dividing the total by the expected number of prospective bidders who will purchase the bidding documents. This number is an estimate derived from the initial survey of the industry conducted by the procurement office/unit. The BAC is discouraged from using the cost of bidding documents to limit the number of bidders. If the procurement involves a fairly large project of a particular complexity, and project implementation requires a higher level of size or capacity on the part of the contractor, it would be more advisable for the BAC to allow the project requirements to naturally limit competition among eligible contractors, by summarizing the qualification requirements in the IB and detailing these in the bidding documents, rather than for the BAC to unilaterally increase the price of the bidding documents and hope that this price discourages competition. As such, if the BAC wants to encourage the participation of as many bidders as possible to create competition, it should consider charging a lower price for the bidding documents, keeping in mind that this price should be sufficient to recover the above-enumerated costs.

# STEP3. CONDUCT A PRE-BID CONFERENCE AND ISSUE SUPPLEMENTAL BID BULLETINS

#### 1. LEGAL REFERENCE

Section 22 of the revised IRR is the legal basis for the conduct of pre-bid conference and issuance of bid bulletins.

#### PURPOSE

The pre-bid conference is the initial forum where the Procuring Entity's representatives and the prospective bidders discuss the different aspects of the procurement at hand.

The ground rules that will govern the procurement are discussed. In particular, the participants discuss the technical and financial components of the contract to be bid. This is also an opportunity for the prospective bidders to request for clarifications about the bidding documents.

However, it should be noted that any statement made at the pre-bid conference would not modify the terms of the bidding documents, unless such statement is specifically identified in writing as an amendment of the documents and issued as a supplemental/bid bulletin. (Section 22.4 of the revised IRR)

It is important that responsible and knowledgeable officials attend the conference. The persons who actually formulated the scope of work, plans and technical specifications for the project should be present and among those representing the Procuring Entity. Prospective bidders, on the other hand, should be encouraged to send representatives who are legally and technically knowledgeable about the requirements of the procurement at hand. It is also important that the eligible bidders are given ample time to review the bidding documents prior to the pre-bid conference.

#### 3. RULES AND GUIDELINES

#### 3.1 PERIOD OF ACTION AND THRESHOLD OF PRE-BID CONFERENCE

A pre-bid conference must be held for all contracts with ABCs of at least One Million Pesos (\$\mathbb{P}\$ 1,000,000.00) and above. For contracts with ABCs of less than One Million Pesos (\$\mathbb{P}\$ 1,000,000.00), pre-bid conferences may or may not be held at the discretion of the BAC. The BAC may also decide to hold such a pre-bid conference upon the written request of a prospective bidder (Section 22.1 of the revised IRR).

The pre-bid conference must be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids. If the pre-bid conference is held less than twelve (12) calendar days before the deadline for the submission and receipt of bids, that deadline should be moved to a later date. If the procuring entity determines that, by reason of the method, nature, or complexity of the contract to be bid or when international participation will be more advantageous to the GOP, a longer period for the preparation of bids is necessary, the pre-bid conference shall be held at least thirty (30) calendar days before the deadline for the submission and receipt of bids (Section 22.2 of the revised IRR).

#### 3.1.1 PARTICIPANTS IN THE PRE-BID CONFERENCE

The following shall attend the pre-bid conference:

- a) BAC;
- **b)** BAC Secretariat;
- c) TWG members and consultants, if any;
- **d)** Procuring unit/end-user unit/PMO;
- e) Prospective bidders; and
- f) Observers.

The attendance of the prospective bidders shall not be mandatory. However, the procuring entity has the option whether or not to allow only those prospective bidders who have purchased the bidding documents to participate in the pre-bid conference and raise or submit written queries and/or clarifications (Section 22.3 of the revised IRR).

Neither will the absence of the Observers nullify the BAC proceeding provided that they were duly invited in writing (Section 13.3 of the revised IRR).

#### 3.1.2 PROPER CONDUCT OF PARTICIPANTS

The BAC, BAC Secretariat, TWG, and other officials involved in procurement are expected to act in an impartial, courteous and professional manner in all their dealings and interactions with the bidders during all stages of the procurement. The bidders' representatives are likewise enjoined to adopt the same professional manner in their dealings with the Procuring Entity's officials. Communications between the parties must, as much as possible, be made in writing, except during the pre-bid conference when verbal clarifications may be allowed – keeping in mind, however, that any statement made at the pre-bid conference would not modify the terms of the bidding documents, unless such statement is specifically identified in writing as an amendment of the documents and issued as a supplemental/bid bulletin.

#### 3.2 SUPPLEMENTAL BID BULLETINS

Supplemental Bid Bulletins are issuances of the procuring entity which seeks to amend, clarify, and/or modify any provision in the bidding documents, whether agreed upon during the pre-bid conference or as a response to a written request for clarification or interpretation espoused by a prospective bidder on any part of the bidding document, which shall form an integral part thereof.

It is a notice issued by the Procuring Entity to Prospective Bidders with respect to any clarifications or modifications in the Bidding Documents, including those affecting the technical specifications, eligibility requirements, procurement schedule, and other similar matters.

#### 3.2.1 ISSUANCE OF SUPPLEMENTAL BID BULLETINS

# A. REQUEST FOR CLARIFICATION AFTER THE PRE-BID CONFERENCE.

Requests for clarification(s) on any part of the bidding documents or for an interpretation may be made by prospective bidders provided that these are in writing and are submitted to the BAC at least ten (10) calendar days before the deadline for the submission and receipt of bids. In this case, the BAC shall issue its response by issuing a supplemental/bid bulletin, to be made available to all those who have properly secured the bidding documents at least seven (7) calendar days before the deadline for the submission and receipt of bids (Section 22.5.1 of the revised IRR).

#### B. PROCURING ENTITY'S INITIATIVE TO CLARIFY OR MODIFY

The Procuring Entity may, at its own initiative, also issue supplemental/bid bulletins for purposes of clarifying or modifying any provision of the bidding documents not later than seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the bidding documents must be identified as an "AMENDMENT." (Section 22.5.2 of the revised IRR)

# 3.2.2 PARTICIPANTS IN THE PREPARATION AND ISSUANCE OF SUPPLEMENTAL BID BULLETINS

The following entities/individuals have an integral part in the preparation and subsequent issuance of the Supplemental Bid Bulletins:

- a) BAC;
- **b)** BAC Secretariat;
- c) End-user units/PMOs;
- d) TWG members or technical expert, whenever necessary; and
- e) Prospective bidders.

#### 3.2.3 FORM AND CONTENTS OF THE SUPPLEMENTAL BID BULLETINS

Bidders who have submitted bids before a supplemental/bid bulletin is issued have to be informed in writing and allowed to modify or withdraw their respective bids (Section 22.5.3 of the revised IRR).

A supplemental/bid bulletin must contain a brief but comprehensive and accurate summary of the issue or issues that it wishes to address. If it was a bidder who raised the issue addressed by the bulletin, then it ought to contain a summary of that bidder's request for clarification and/or interpretation, without identifying the prospective bidder.

#### 3.2.4 POSTING OF SUPPLEMENTAL BID BULLENTINS

The BAC should also post the supplemental/bid bulletin on the website of the Procuring Entity concerned, if available, and on the PhilGEPS, within the same timetable. Nonetheless, it will be the bidders' responsibility to ask for, and secure, these bulletins; however BAC should ensure that all prospective bidders receive the bid bulletins.

#### 4. PROCEDURE

#### 4.1 PRE-BID CONFERENCE

How the pre-bid conference is conducted depends on the discretion of the BAC Chairperson or his/her alternate who shall preside over the proceedings. However, several events need to take place in the conference, namely:

- a) The BAC shall discuss, among other things, the technical and financial components of the contract to be bid, including the explanation of the different documents to be submitted by each bidder.
- b) Attendance of the bidders shall not be mandatory. However, at the option of the procuring entity, only those who have purchased the Bidding Documents shall be allowed to participate in the pre-bid conference and raise or submit written queries or clarifications (Section 22.3 of the revised IRR).
- c) Either the Chairperson or any BAC member can discuss the requirements in the IB and the bidding documents, the replies to the bidders' queries about the requirements, specifications and other conditions of the project, the bid evaluation of all bidders and post-qualification evaluation of the lowest calculated bidder.

- d) Emphasis should also be given to the warranty requirement of the project and the different offenses and penalties provided for in the revised IRR of R.A. 9184.
- e) The recording, by the BAC Secretariat of minutes of the pre-bid conference, and its availability to all participants not later than three (3) calendar days after the pre-bid conference (Section 22.4 of the revised IRR).

The BAC must initiate discussions on contentious issues, most especially if the participating prospective bidders have no ready questions. It is probable that there are issues that may not be apparent in the bidding documents but are known to the representatives of the procuring entity. If these issues are brought out and openly discussed, prospective bidders will be able to prepare responsive bids, thus avoiding situations that may give rise to a failure of bidding due to lack of bids received or failure of bids to comply with all the bid requirements. This would also help prevent the birth contentious issues during the bidding itself.

#### 4.2 ISSUANCE OF BID BULLETINS

- **4.2.1** If the supplemental/bid bulletin is being issued upon the initiative of the BAC, the following steps are followed:
  - a) The BAC Secretariat, with the assistance of the TWG or technical expert as deemed necessary, shall draft the supplemental/bid bulletin for approval by the BAC.
  - b) The BAC approves the supplemental/bid bulletin and the BAC chairperson signs it.
  - c) The BAC Secretariat sends copies of the supplemental/ bid bulletin to all prospective bidders who have properly secured or purchased the bidding documents, within the period prescribed above.

- d) The BAC Secretariat posts the supplemental/bid bulletin in the PhilGEPS, the website of the Procuring Entity and that of the latter's electronic procurement system provider, if any, within the same period prescribed in number (3) above.
- 4.2.2 If the supplemental/bid bulletin is being issued in response to a request for clarification submitted by an eligible bidder, on the other hand, the process goes as follows:
  - a) The prospective bidder submits to the BAC, through the BAC Secretariat, a written request for clarification, within the period prescribed above.
  - **b)** The BAC directs the BAC Secretariat and/or the TWG to study the request for clarification.

The BAC and BAC Secretariat, in coordination with the end-user units/PMOs, shall perform the steps undertaken in the issuance of the supplemental/bid bulletin issued at the initiative of the BAC.

### STEP 4. RECEIVE AND OPEN THE BID ENVELOPES

#### 1. LEGAL REFERENCE

Sections 25 to 31 of the revised IRR are the legal basis for the procedural guidelines in the receipt and opening of the bid proposals.

#### PURPOSE

It is a procedure to determine if a prospective bidder is eligible to participate in the bidding at hand. In determining a prospective bidder's eligibility, the BAC shall use non-discretionary "pass/fail" criteria, as stated in the IB. Essentially, this means that the absence, incompleteness or insufficiency of a document shall make a prospective bidder ineligible to bid for the particular procurement.

#### 3. RULES AND GUIDELINES

# 3.1 PROSPECTIVE BIDDERS ELIGIBLE TO PARTICIPATE IN THE PROCUREMENT OF GOODS AND SERVICES

Bidders are those eligible contractor, manufacturer, supplier, distributor and/or consultant competing for the award of a contract in any procurement by the GOP. A manufacturer, supplier, distributor and/or consultant is said to be eligible if it meets all the eligibility requirements issued by the procuring entity (**Section 5.e of the revised IRR**).

A prospective bidder is eligible to bid for the procurement of goods if it complies with the eligibility requirements. The eligibility requirements shall provide for fair and equal access to all prospective bidders. However, the eligible requirement shall be:

#### 3.1.1 Eligibility Criteria

- a. Under Section 23.5.1.1 of the revised IRR, the following persons/entities shall be allowed to participate in the bidding for infrastructure projects:
  - *i.* Duly licensed Filipino citizens/sole proprietorships;

- ii. Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines;
- iii. Corporations duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;
- *iv.* Cooperatives duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines; and
- v. Persons/entities forming themselves into a JV, i.e., a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, that Filipino ownership or interest of the joint venture concerned shall be at least sixty percent (60%).
- **b.** Foreign bidders may be eligible to participate when any of the following circumstances exist, as specified in the BDS of the PBD:
  - When a Treaty or International or Executive Agreement as provided in Section 4 of the RA 9184 and the revised IRR allow foreign bidders to participate;
  - ii. Citizens, corporations, or associations of a country, included in the list issued by the GPPB, the laws or regulations of which grant reciprocal rights or privileges to citizens, corporations, or associations of the Philippines;
  - *iii.* When the Goods sought to be procured are not available from local suppliers; or
  - *iv.* When there is a need to prevent situations that defeat competition or restrain trade.
- c. Government corporate entities may be eligible to participate only if they can establish that:
  - *i.* They are legally and financially autonomous
  - ii. They operate under commercial law, and

- *iii.* They are not dependent agencies of the GOP or the Procuring Entity.
- d. Unless otherwise provided in the BDS, the Bidder must have completed at least one contract similar to the Project the value of which, adjusted to current prices using the National Statistics Office consumer price index, must be at least equivalent to a percentage of the ABC stated in the BDS.

For this purpose, contracts similar to the Project shall be those described in the BDS of the PBD and completed within the relevant period stated therein.

e. Unless otherwise provided in the BDS of the PBD, the Bidder must submit a computation of its Net Financial Contracting Capacity or a commitment from a Universal or Commercial Bank to extend a credit line in its favor if awarded the contract for this Project.

The NFCC, computed using the following formula, must be at least equal to the ABC to be bid:

NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract for this Project.

#### Where:

K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than two years.

The CLC must be at least equal to ten percent (10%) of the ABC for this Project. If issued by a foreign bank, it shall be confirmed or authenticated by a Universal or Commercial Bank. In the case of local government units, the Bidder may also submit CLC from other banks certified by the *Bangko Sentral ng Pilipinas* as authorized to issue such financial instrument.

#### 3.1.2 Eligibility requirements of a foreign entity

Foreign contractors, when allowed to bid under the circumstances mentioned in Section 23.5.2.2 of the revised IRR must submit the same eligibility requirements as domestic entities. However, the legal documents and the audited financial statements under the Class "A" documents may be substituted by the appropriate equivalent documents issued by the country of the foreign contractor. A translation of the documents in English certified by the appropriate embassy or consulate in the Philippines must accompany the eligibility requirements under Class "A" and "B" Documents if they are in other foreign language. IFIs permit firms and individuals from eligible countries to offer goods, works, and services. Any conditions for participation should be limited to those that are essential to ensure the firm's capability to fulfill the contract in question. In connection with any contract to be financed in whole or in part from an IFI loan, the IFI generally does not permit a procuring entity to deny pre- or postqualification to a firm for reasons unrelated to its capability and resources to successfully perform the contract; nor does it permit a procuring entity to disqualify any bidder for such reasons. Consequently, Procuring Entities should carry out due diligence on the technical and financial qualifications of bidders to be assured of their capabilities in relation to the specific contract.

#### 3.1.3 Procuring Entity's right to review eligibility of bidders

The procuring entity has the right to review the qualification of the prospective bidders, notwithstanding eligibility therefor, at any stage of the procurement process if the procuring entity has reasonable grounds to believe that the following circumstances exist:

a) Misrepresentation has been made by the said prospective bidder.

Should such review uncover any misrepresentation made in the eligibility requirements, statements or documents, or any changes in the situation of the prospective bidder which will affect the capability of the bidder to undertake the project so that it fails the eligibility criteria, the procuring entity shall consider the said prospective bidder as ineligible and shall disqualify it from obtaining an award or contract, in accordance with Rules XXI, XXII of the revised IRR.

b) There has been a change in the prospective bidder's capability to undertake the project from the time it submitted its eligibility requirements (Section 23.7 of the revised IRR).

#### 3.1.4 Responsibilities of prospective bidders

In the PBD 3<sup>rd</sup> edition, including those provided for under RA 9184 and the revised IRR, the following are the identified responsibilities of prospective bidders when participating in the procurement of goods and services:

- a) The Bidder is responsible for the following:
  - i. Having taken steps to carefully examine all of the Bidding Documents;
  - **ii.** Having acknowledged all conditions, local or otherwise, affecting the implementation of the contract;
  - iii. Having made an estimate of the facilities available and needed for the contract to be bid, if any; and
  - iv. Having complied with its responsibility to inquire or secure Supplemental/Bid Bulletin(s)
  - v. Ensuring that it is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;
  - vi. Ensuring that each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;
  - vii. Authorizing the Head of the Procuring Entity or its duly authorized representative/s to verify all the documents submitted;
  - viii. Ensuring that the signatory is the duly authorized representative of the Bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the Bidder in the bidding,

with the duly notarized Secretary's Certificate attesting to such fact, if the Bidder is a corporation, partnership, cooperative, or joint venture;

- ix. Complying with the disclosure provision under Section 47 of RA 9184 in relation to other provisions of RA 3019; and
- **x.** Complying with existing labor laws and standards, in the case of procurement of services.

Failure to observe any of the above responsibilities shall be at the risk of the Bidder concerned.

- b) The Bidder is expected to examine all instructions, forms, terms, and specifications in the Bidding Documents. Unless otherwise indicated in the BDS of the, failure to furnish all information or documentation required in the Bidding Documents shall result in the rejection of the bid and the disqualification of the Bidder.
- c) It shall be the sole responsibility of the Bidder to determine and to satisfy itself by such means as it considers necessary or desirable as to all matters pertaining to the contract to be bid, including:
  - i. The location and the nature of this Project;
  - ii. Climatic conditions:
  - iii. Transportation facilities; and
  - iv. Other factors that may affect the cost, duration, and execution or implementation of this Project.
- d) Before submitting their bids, the Bidder is deemed to have become familiar with all existing laws, decrees, ordinances, acts and regulations of the Philippines which may affect this Project in any way.

However, if the contract is affected by new laws, ordinances, regulations or other acts of government promulgated after the date of the bidding, a contract price adjustment shall be made or appropriate relief shall be applied on a no loss-no gain basis, provided such is not covered by the contract provisions on price adjustment.

- e) The Bidder should note that the Procuring Entity will accept bids only from those that have paid the nonrefundable fee for the Bidding Documents at the office indicated in the Invitation to Bid.
- The Bidder shall bear all costs associated with the preparation and submission of its bid, and the Procuring Entity will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.
- g) Failure to observe any of the above responsibilities shall be at the risk of the eligible bidder concerned. For this purpose, the bidder or its duly authorized representative shall submit a sworn statement in the form prescribed in Section IX. Bidding Forms as required Section IX. Bidding Forms as required in ITB Clause 12.1 (b) (iii) of the PBD.

This omnibus sworn statement which shall state, among others, that the prospective bidders complies with the responsibilities of a prospective or eligible bidder provided in the PBD (Section 25.5.iv of the revised IRR).

In view of the foregoing, the procuring entity shall not assume any responsibility regarding erroneous interpretations or conclusions by the prospective or eligible bidder out of the data furnished by the procuring entity.

#### 3.1.5 Standard of Ethics to be observed

As Procuring Entities, bidders and contractors are required to observe the highest standard of ethics during the procurement and execution of contract, bidders should not be under a declaration of ineligibility for corrupt, fraudulent, collusive and coercive practices by the government.

In pursuance of this policy, PBD 3<sup>rd</sup> edition provides for the following:

- a) defines, for purposes of this provision, the terms set forth below as follows:
  - i. "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and includes the offering, giving, receiving, or

soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the Procuring Entity, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in Republic Act 3019;

- ii. "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Bidders (prior to or after Bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition;
- *iii.* "collusive practices" means a scheme or arrangement between two or more bidders, with or without the knowledge of the Procuring Entity, designed to establish bid prices at artificial, non-competitive levels; and
- iv. "coercive practices" means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;
- b) will reject a proposal for award if it determines that the bidder recommended for award has engaged in corrupt or fraudulent practices in competing for the Contract; and

Furthermore, the Procuring Entity will seek to impose the maximum civil, administrative, and/or criminal penalties available under the applicable laws on individuals and organizations deemed to be involved in any of the practices mentioned.

Relative thereto, the Funding Source and the Procuring Entity reserve the right to inspect and audit records and accounts of a contractor in the bidding for and performance of a contract themselves or through independent auditors.

The pertinent provisions of the Anti-Graft and Corrupt Practices Act, or R.A. No. 3019, shall also be applied in determining the existence of "corrupt or fraudulent practice."

## 3.2 BIDDERS DISQUALIFIED TO PARTICIPATE IN THE PROCUREMENT OF GOODS AND SERVICES

Disqualification is a distinct concept from ineligibility and post-disqualification. When a Bidder is disqualified, it is barred from further participating in the procurement at hand, even if, in some instances, it has initially been declared eligible. Even if a Bidder is Post-qualified, if after such Post-qualification, the Procuring Entity has found grounds for disqualification, the latter may declare such Bidder disqualified, hence, the Procuring Entity shall not award the contract to the former.

Aside from those who are not eligible to bid for the procurement of goods, a bidder who has a conflict of interest shall be disqualified to participate in the procurement at hand. A Bidder would be considered as having a conflict of interest with another bidder in any of the events described in paragraphs 1 through 3 below and a general conflict of interest in any of the circumstances set out in paragraphs 4 through 6 below:

- a) If the bidder is a corporation or a partnership and it has officers, directors, controlling shareholders, partners or members in common with another bidder; or if the bidder is an individual or a sole proprietorship and he is the proprietor of another bidder, or an officer, director or a controlling shareholder of another bidder; or if the bidder is a joint venture and it or any of its members has officers, directors, controlling shareholders or members in common with another bidder, or any of its members is a bidder;
- b) A bidder receives or has received any direct or indirect subsidy from another bidder;
- c) A bidder has the same legal representative as any other bidder for purposes of the bidding at hand.
- d) A bidder has a relationship directly or through common third parties, that puts them in a position to have access to information about or influence on the bid of another bidder, or influence the decisions of the Procuring Entity regarding the bidding process. This will include a firm or an organization that lends, or temporarily seconds, its personnel to firms or organizations which are engaged in consulting services for the preparation related to procurement for or implementation of the project, if the personnel would be involved in any capacity on the same project;

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- **e)** A bidder submits more than one bid in the bidding process. However, this does not limit the participation of subcontractors in more than one bid; or
- A bidder who participated as a consultant in the preparation of the design or technical specifications of the goods and related services that are the subject of the bid.

In accordance with Section 47 of the revised IRR, the bidder should not be related to the HOPE, members of the BAC, the TWG, the BAC Secretariat, the Head of the PMO or end-user unit, and the project consultants by consanguinity or affinity up to the third (3<sup>rd</sup>) civil degree. This prohibition shall apply to the following persons:

- a) If the bidder is an individual or a sole proprietorship, to the bidder himself;
- **b)** If the bidder is a partnership, to all its officers and members;
- c) If the bidder is a corporation, to all its officers, directors and controlling stockholders; and
- d) If the bidder is a joint venture, items 1 through 3 above shall correspondingly apply to each of the members of the said joint venture, as may be appropriate.

To establish the non-existence of the above relationship, and to bind the Bidders to its representation relating to the foregoing, all bids must be accompanied by a Omnibus Sworn Statement, including therein a Disclosure Provision of the bidder to that effect.

The bidder who fails to comply with any of the Technical or Financial requirements of the Bid will be disqualified by the BAC. Similar to ineligible bidders, it may file a written request for reconsideration within three (3) days from the receipt of the communication regarding its bid's deficiency (Section 30.3 of the revised IRR, as amended by GPPB Resolution No. 14-2006).

#### 3.3 MINIMUM ELIGIBILITY REQUIREMENTS

Included in the technical component of the Bid is the eligibility requirements prescribed in Section 23.1 of the revised IRR.

For the purpose of determining the eligibility of prospective bidders using the criteria stated in Section 3.1.1 of this manual-following Section 23.5 of the revised IRR - the following documents shall be required by the BAC using the forms prescribed in the Bidding Documents:

#### A. Class "A" Documents

#### Legal Documents

- *i.* Registration Certificate from SEC, Department of Trade and Industry for sole proprietorship, or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents.
- *ii.* Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located.

#### **Technical Documents**

- iii. Statement of the prospective bidder of all its ongoing and completed government and private contracts, including contracts awarded but not yet started, if any, whether similar or not similar in nature and complexity to the contract to be bid, within the relevant period as provided in the Bidding Documents. The statement shall include all information required in the PBDs prescribed by the GPPB.
- *iv.* Valid Philippine Contractors Accreditation Board license and registration for the type and cost of the contract to be bid.

#### Financial Documents

v. The prospective bidder's audited financial statements,

showing, among others, the prospective bidder's total and current assets and liabilities, stamped "received" by the BIR or its duly accredited and authorized institutions, for the preceding calendar year which should not be earlier than two (2) years from the date of bid submission.

vi. The prospective bidder's computation for its NFCC or a commitment from a Universal or Commercial Bank to extend a credit line in favor of the prospective bidder if awarded the contract to be bid.

#### B. Class "B" Documents

Valid JVA, if the prospective bidder is a joint venture, with the agreement containing a statement on who the joint venture/association has constituted and appointed as the lawful attorney-in-fact to sign the contract, if awarded the project, and on who among the members is the lead representative of the joint venture;

All members of the joint venture should submit all the Class "A" eligibility documents. All members of the joint venture should comply with all the legal eligibility requirements, but compliance by one of the joint venture members with the technical and financial requirements will suffice.

#### 3.3.1 Facilitating eligibility checks

To facilitate eligibility checking, the BAC of a procuring entity may maintain a file of Class "A" documents submitted by contractors. When such file is required by the procuring entity, a contractor who wishes to participate in a public bidding for infrastructure projects should maintain this file current and updated at least once a year, or more frequently when needed. A contractor who maintains a current and updated file of his Class "A" documents will be issued a certification by the BAC to that effect, which certification may be submitted to the procuring entity concerned in lieu of the foregoing Class "A" documents (Section 23.5.2 of the revised IRR).

#### 3.3.2 DOH Simplified Supplier Registration System

To facilitate eligibility check, the DOH COBAC established a Simplified Supplier Registration System or SSRS through which any prospective bidder registered in the system is issued a SSRS Certificate. Registration in the SSRS requires prospective suppliers to submit certain specified documents necessary for its participation in the conduct of procurement within the department. These documents include, among others, a duly registered certification from SEC or Department of Trade and Industry for sole proprietorship or CDA for cooperatives, or any proof of such registration as stated in the Bidding Documents and others, In lieu thereof, a SSRS Certificate is issued to the registrant supplier which the latter may use in the procurement process. Evidently the objective behind the development and maintenance of the registry system is to facilitate eligibility check and expedite procurement process.

However, the SSRS would be rendered useless if not maintained current and updated such that registered suppliers/ contractors/ manufacturers/ distributors must constantly renew their SSRS registration, when applicable, by submitting copies of the recent documents required to be submitted.

Furthermore, the coverage and applicability of the SSRS shall extend to, and mandatorily be recognized by, the Center for Health Development, DOH Hospitals, Special/Specialty Hospital, Medical Centers, Bureaus and Attached Agencies.

#### 3.4 SUBMISSION AND RECEIPT OF BIDS

#### 3.4.1 Bid/Proposal/Tender

Bids are signed offer or proposal to undertake a contract submitted by a bidder in response to and in consonance with the requirements of the Bidding Documents. For purposes of, and throughout the revised IRR, the term "Bid" shall be equivalent to and be used interchangeably with "Proposal" and "Tender" (Section 5.d of the revised IRR).

Bidders shall submit their bids through their duly authorized representative using the forms specified in the Bidding Documents in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously.

A Bid has two (2) components, the Technical Proposal or the Technical Bid, and the Financial Proposal or the Financial Bid. The Technical and Financial Bids must each be contained in separate sealed bid envelopes. The first shall contain the technical component of the bid, including the eligibility requirements under Section 23.1 of the revised IRR, and the second shall contain the financial component of the bid.

#### 3.4.1.1 Number of copies of bid

The BAC shall require one (1) original and at least three (3) duplicate copies of the Eligibility Documents, Technical Bid Documents and Financial Bid Documents. The original copy will be the one initialed by the BAC members or their authorized representatives and will be kept by the BAC Secretariat for check and balance purposes while the duplicate copies will be the ones used during Bid Evaluation.

#### 3.4.1.2 Language use in the Bid Proposal

As indicated in the PBD, Third (3<sup>rd</sup>) Edition, it is most ideal that the bid, as well as all correspondence and documents relating to the bid exchanged by the Bidder and the Procuring Entity, shall be written in English. Supporting documents and printed literature furnished by the Bidder may be in another language provided they are accompanied by an accurate translation in English certified by the appropriate embassy or consulate in the Philippines, in which case the English translation shall govern for purposes of interpretation of the bid.

#### 3.4.1.3 Period for the Submission and Receipt of Bid

Bids shall be received by the BAC on the date, time, and place specified in the IB. The maximum period for the submission and receipt of bid proposal for goods is *forty-five* (45) calendar days. (Section 25.4.a of the revised IRR)

#### 3.4.1.4 Late Submission of Bid

Bids, including the eligibility requirements under Section 23.1 of the revised IRR, submitted after the deadline shall not be accepted by the BAC. (**Section 25.5 of the revised IRR**)

# 3.5 CONTENTS OF THE FIRST ENVELOPE (TECHNICAL AND ELIGIBILITY DOCUMENTS)

The first envelope, unless otherwise indicated in the bidding documents, shall contain the following eligibility and technical documents:

#### **Eligibility Documents**

#### Class "A" Documents:

- Registration certificate from the Securities and Exchange Commission with its Articles of Incorporation, Department of Trade and Industry for sole proprietorship, or Cooperative Development Authority for cooperatives, or any proof of such registration as stated in the BDS;
- 2. Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located;
- 3. Statement of all its ongoing and completed government and private contracts within the period stated in the **BDS**, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:
  - a) Name of the contract;
  - **b)** Date of the contract;
  - c) Kinds of Goods;
  - **d)** Amount of contract and value of outstanding contracts;
  - e) Date of delivery; and
  - f) End-user's acceptance or official receipt(s) issued for the contract, if completed.

- 4. Audited financial statements, stamped "received" by the Bureau of Internal Revenue or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from bid submission:
- **5.** NFCC computation or CLC; and

#### Class "B" Document:

6. If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful.

#### **Technical Documents**

- 7. Bid security, as to form, amount and validity period;
- **8.** Conformity with technical specifications, as enumerated and specified in Sections VI and VII of the Bidding Documents; and,
- **9.** Sworn statement by the prospective bidder or its duly authorized representative in the form prescribed by the GPPB as to the following:
  - a) It is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;
  - b) Each of the documents submittedin satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;

- c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted;
- d) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership or joint venture;
- e) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of R.A. 3019;
- f) It complies with the responsibilities of a prospective or eligible bidder provided in the PBDs; and
- g) It complies with existing labor laws and standards.

#### 3.6 CONTENTS OF THE SECOND ENVELOPE (FINANCIAL DOCUMENT)

The second envelope shall contain the financial information/documents as specified in the PBD (Section 25.3 of the revised IRR) the financial component of the bid shall contain the following:

Financial Bid Form, which includes bid prices and the bill of quantities and the applicable Price Schedules, in accordance with the provisions of the bidding documents.

If the Bidder claims preference as a Domestic Bidder or Domestic Entity, a certification from the DTI, SEC, or CDA is also required to be submitted in accordance with the provisions of Section 43 of the revised IRR of R.A. 9184 and the bidding documents; and

Any other document required in the BDS.

Unless otherwise stated in the BDS, all bids that exceed the ABC shall not be accepted.

#### 3.7 BID SECURITY

A bid security is a guarantee that the successful bidder will:

- a) Not default on its offer; and
- All bids shall be accompanied by a bid security, payable to the procuring entity concerned as a guarantee that the successful bidder shall, within ten (10) calendar days or less, as indicated in the Instructions to Bidders, from receipt of the NOA, enter into contract with the procuring entity and furnish the performance security required by the law, except when Section 37.1 of the revised IRR allows a longer period. Failure to enclose the required bid security in the form and amount prescribed herein shall automatically disqualify the bid concerned.

A bid security must be submitted together with every bid. It must be operative on the date of bid opening, and payable to the Procuring Entity.

#### 3.7. 1. Forms and corresponding amounts

The bid security shall be in any or a combination of the following forms, with the corresponding required amount: (Section 27.2 of the revised IRR)

FORMS OF BID SECURITY	AMOUNT OF BID SECURITY (EQUAL TO PERCENTAGE OF THE ABC)
a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank.	Two percent (2%)
b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Two percent (2%)

c) Surety bond callable upon demand issued by a surety or insurance Company duly certified by the Insurance Commission as authorized to issue such security.	Five percent (5%)
d) Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security

For FAPs, reference should be made to the appropriate standard bidding documents for the project in order to determine the requirement of a bid security and, if one is so required, the applicable amount and form thereof.

#### 3.7.2 Who determines form

The Bid Security shall be in the form prescribed in the revised IRR and shall be left upon the discretion of the prospective bidders. The procuring entity cannot limit the allowable forms of bid security by enumerating the preferred forms in the bidding documents. With respect to surety bonds, it bears stressing that the GPPB is moving towards accreditation of surety companies. Once the guidelines on accreditation are issued by the GPPB, only surety bonds from companies accredited by the procuring entity may be allowed as bid securities.

The bid security shall be denominated in Philippine currency (Section 27.3 of the revised IRR).

If a bidder does not submit a bid security, its bid will be rejected.

#### 3.7.3. Period of validity of Bids and Bid Security

Bids and bid securities shall be valid for a reasonable period as determined by the HOPE concerned, which shall be

indicated in the Bidding Documents, but in no case shall the period exceed one hundred twenty (120) calendar days from the date of the opening of bids. (Section 28.1 of the revised IRR) Should it become necessary to extend the validity of the bids and bid securities beyond one hundred twenty (120) calendar days, the procuring entity concerned shall request in writing all those who submitted bids for such extension before the expiration date there for. Bidders, however, shall have the right to refuse to grant such extension without forfeiting their bid security (Section 28.2 of the revised IRR).

Bidders shall have the right to refuse to grant such extension without forfeiting their bid securities. The bid security of bidders who refuse to grant the Procuring Entity's request for an extension of the validity of their respective bid securities will have these securities returned to them. However, they are deemed to have waived their right to further participate in the bidding.

In no case shall the bid security be returned later than the expiration of the bid validity period indicated in the Bidding Documents, unless it has been extended in accordance with Section 28.2 of the revised IRR (Section 27.5 of the revised IRR).

#### 3.7.4 Currency/Denomination

The bid security must be denominated in Philippine currency (Section 27.3 of the revised IRR), except in the case of foreign bidders, which may be allowed to submit foreign currency denominated bids allowed in the bidding documents.

#### 3.7.5 Bidder does not submit a bid security

The bid will be rejected.

#### 3.7.6 When to return

In no case shall the bid security be returned later than the expiration of the bid validity period indicated in the Bidding Documents, unless it has been extended in accordance with Section 28.2 of the revised IRR (**Section 27.5 of the revised IRR**). Furthermore Section 27.4. of the revised IRR provides that bid securities shall be returned only after the bidder with the LCRB has signed the contract and furnished the performance security, except to those declared by the BAC as failed or post- disqualified in accordance with the revised IRR, upon submission of a written waiver of their right to file a motion for reconsideration and/or protest.

#### 3.7.7 Forfeiture

A bidder's bid security may be forfeited when:

- a) The bidder withdraws its bid beyond the deadline therefore;
- **b)** The bidder does not accept corrections of arithmetical errors:
- c) The bidder being considered for award does not accept the award or does not sign the contract within the period prescribed in the bidding documents;
- d) The bidder being post-qualified is suspended for not providing the BAC required clarifications within the prescribed period; or
- e) The bidder is proven to commit any of the acts under Sections 65 and 69 of R.A. 9184 and the revised IRR.

#### 3.8 MODIFICATION OR WITHDRAWAL OF BIDS

A bidder may modify its bid, provided that this is done before the deadline for the submission and receipt of bids. If a bidder modifies its bid, it shall not be allowed to retrieve its original bid, but shall only be allowed to send another bid equally sealed, properly identified, linked or related to its original bid and marked as a "MODIFICATION" of the original, and stamped "RECEIVED" by the BAC. Bid modifications received after the applicable deadline will not be considered and must be returned to the bidder unopened (Section 26.1 of the revised IRR). Any discount should form part of the bid submission in the financial envelope.

A bidder may, through a Letter of Withdrawal, withdraw its bid, before the deadline for the receipt of bids. A bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped received by the BAC before the deadline for the receipt of bids. A bidder who withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract. Moreover, an eligible bidder who withdraws its bid without any justifiable cause therefore shall be subject to the administrative sanctions provided in Section 69.1 of the revised IRR. It should be noted however that the act of habitually withdrawing from bidding or submitting letter of non-participation for at least three (3) times within a year is a ground for the position of administrative penalties, except when done for a valid reason.

A bidder who withdraws its bid prior to the deadline for submission of bids, for a justifiable cause, does not forfeit its bid security. The bidder who withdraws its bid beyond the deadline for the submission of bids will forfeit its bid security, as well as the imposition of any applicable administrative, civil and/or criminal sanction prescribed in R.A. 9184 and the revised IRR.

#### 3.9 OPENING OF BIDS AND THE CONDUCT OF PRELIMINARY EXAMINATION

The BAC shall open the bids at the time, date, and place specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the opening of bids. The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids. The minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials.

The BAC shall open the first bid envelopes of prospective bidders in public to determine each bidder's compliance with the documents required to be submitted for eligibility and for the technical requirements, as prescribed in the revised IRR.

- a) For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a non-discretionary "pass/fail" criterion. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".
- Immediately after determining compliance with the requirements in the first envelope, the BAC shall forthwith open the second bid envelope of each remaining eligible bidder whose first bid envelope was rated "passed". The second envelope of each complying bidder shall be opened within the same day. In case one or more of the requirements in the second envelope of a particular bid is missing, incomplete or patently insufficient, and/or if the submitted total bid price exceeds the ABC unless otherwise provided in ITB Clause of the PBD, the BAC shall rate the bid concerned as "failed". Only bids that are determined to contain all the bid requirements for both components shall be rated "passed" and shall immediately be considered for evaluation and comparison.
- c) Letters of withdrawal shall be read out and recorded during bid opening, and the envelope containing the corresponding withdrawn bid shall be returned to the Bidder unopened. If the withdrawing Bidder's representative is in attendance, the original bid and all copies thereof shall be returned to the representative during the bid opening. If the representative is not in attendance, the bid shall be returned unopened by registered mail. The Bidder may withdraw its bid prior to the deadline for the submission and receipt of bids, provided that the corresponding Letter of Withdrawal contains a valid authorization requesting for such withdrawal, subject to appropriate administrative sanctions.
- d) If a Bidder has previously secured a certification from the Procuring Entity to the effect that it has previously submitted the above-enumerated Class "A" Documents, the said certification may be submitted in lieu of the requirements enumerated in PBD.
- e) In the case of an eligible foreign Bidder, the Class "A" Documents may be substituted with the appropriate equivalent documents, if any, issued by the country of the foreign Bidder concerned.

- f) Each partner of a joint venture agreement shall likewise submit the requirements in the PBD and the revised IRR. Submission of documents required by any of the joint venture partners constitutes compliance.
- A Bidder determined as "failed" has three (3) calendar days upon written notice or, if present at the time of bid opening, upon verbal notification, within which to file a request or motion for reconsideration with the BAC: Provided, however, that the motion for reconsideration shall not be granted if it is established that the finding of failure is due to the fault of the Bidder concerned: Provided, further, that the BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. If a failed Bidder signifies his intent to file a motion for reconsideration, the BAC shall keep the bid envelopes of the said failed Bidder unopened and/or duly sealed until such time that the motion for reconsideration or protest has been resolved.

#### 3.9.1 Minutes of the Bid Opening

The Procuring Entity shall prepare the minutes of the proceedings of the bid opening that shall include, as a minimum: (a) names of Bidders, their bid price, bid security, findings of preliminary examination; and (b) attendance sheet. The BAC members shall sign the abstract of bids as read.

The minutes of the bid opening shall be made available to the public upon written request and payment of a specified fee to recover cost of materials (Section 29 of the revised IRR).

#### 3.10 REQUEST FOR RECONSIDERATION

A Request for Reconsideration is a written document which seeks for the reversal of a decision rendered by authorized person/s.

# 3.10.1 Failure of the bidder to comply with the Technical and Financial Requirement

An eligible bidder who has failed to comply with any of the Technical or Financial requirements of the Bid will be rated as "failed" by the BAC and disqualified from participating therein. Similar to the case of ineligible bidders, it may file a written request for reconsideration within three (3) calendar days from the receipt of notice of its failure.

A bidder determined as "failed" has three (3) calendar days upon written notice or, if present at the time of bid opening, upon verbal notification, within which to file a request for a reconsideration with the BAC: *Provided, however,* that the request for reconsideration shall not be granted if it is established that the finding of failure is due to the fault of the bidder concerned: *Provided, further,* that the BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. If a failed bidder signifies his intent to file a request for reconsideration, in the case of a bidder who fails in the first bid envelopes, the BAC shall hold the second bid envelope of the said failed bidder unopened and duly sealed until such time that the motion for reconsideration has been resolved.

#### 3.10.2 Request for Reconsideration by Ineligible bidders

A prospective bidder who was absent during the opening of the bids and was found ineligible or was declared failed has three (3) calendar days from receipt of the Notice of Ineligibility/Failure, within which to file a written request for reconsideration before the BAC. If the prospective bidder was present during bid opening and was duly notified (a verbal notification will suffice in this case) of its ineligibility/failure, it also has three (3) calendar days upon such notice within which to file a written request for reconsideration. Seven (7) calendar days after it receives a letter requesting for reconsideration, the BAC should resolve such request. In the meantime, it will hold on to the Eligibility, Technical and Financial envelopes of the prospective bidder until the request for reconsideration is resolved. In so doing, it can request the prospective bidder to clarify its eligibility documents, if necessary.

The BAC may return the Technical and Financial envelopes if the prospective bidder is declared "ineligible" and expressly waives his right to file a request for reconsideration. Such waiver shall be made in writing, to be executed by the authorized representative of the ineligible bidder.

If its request for reconsideration is denied, the ineligible bidder may protest the decision in writing with the HOPE within seven (7) calendar days from receipt of the resolution. A protest may be made by filing a verified position paper with the HOPE concerned, accompanied by the payment of a non-refundable protest fee. The non-refundable protest fee shall be in an amount equivalent to no less than one percent (1%) of the ABC (Section 55.1 of the revised IRR).

#### The verified position paper shall contain the following information:

- a) Name of the bidder;
- **b)** Office address of the bidder;
- c) Name of the project/contract;
- **d)** The implementing office/agency or procuring entity;
- e) A brief statement of facts:
- f) Issue to be resolved; and
- g) Such other matters and information relevant to the proper resolution of the protest.

The position paper is verified by an affidavit that the affiant has read and understood the contents thereof and that the allegations therein are true and correct of his personal knowledge or based on authentic records. An unverified position paper shall be considered unsigned, produces no legal effect, and results to the outright dismissal of the protest (Section 55.2 of the revised IRR).

The protests shall be resolved strictly based on records of the BAC. The HOPE shall resolve a protest within seven (7) calendar days from receipt thereof. Subject to the provisions of existing laws on the authority of Department Secretaries and the heads of agencies, branches, constitutional commissions or instrumentalities of the Government to approve contracts, the decisions of the head of the procuring entity concerned shall be final up to the limit of his contract approving authority (Section 56 of the revised IRR).

# 3.10.3 Request for Reconsideration of BAC's Decision declaring a bidder eligible

The filing for a Request for Reconsideration of BAC's decision declaring another bidder eligible is allowed pursuant to Section 55.1 of the revised IRR.

#### 3.11 IF A QUESTION IS RAISED AFTER THE DECLARATION OF ELIGIBILITY

Notwithstanding the eligibility of a prospective bidder, the Procuring Entity concerned reserves the right to review its qualifications at any stage of the procurement process if it has reasonable grounds to believe that a misrepresentation has been made by the said prospective bidder, or that there has been a change in the prospective bidder's capability to undertake the project from the time it submitted its eligibility requirements. Should such review uncover any misrepresentation made in the eligibility requirements, statements or documents, or any changes in the situation of the prospective bidder which will affect the capability of the bidder to undertake the project so that it fails the preset eligibility criteria, the Procuring Entity shall consider the said prospective bidder as ineligible and shall disqualify it from submitting a bid or from obtaining an award or contract.

A prospective bidder found guilty of false information faces imprisonment of not less than six (6) years and one (1) day but not more than fifteen (15) years (Section 65 of the revised IRR).

#### 3.12 SINGLE CALCULATED RESPONSIVE BID SUBMISSION

Despites effort to promote competition among prospective bidders, there are instances when only a single bidder is declared eligible to participate in the next stage of the procurement process which is the bid evaluation. The following situations are those contemplated in the foregoing:

#### 3.12.1 Only one bidder submits a bid envelope

Even if only one bidder submits a bid envelope, the bidding process may proceed. If its bid is found to be responsive to the bidding requirements, its bid will be declared as SCRB and considered for contract award (Section 36 of the revised IRR).

#### 3.12.2 Only one bidder passes the preliminary examinations of bids

The procurement process also proceeds with the subsequent step of Bid Evaluation. Again, if the eligible bidder submits a bid that is found to be responsive to the bidding requirements, its bid shall be declared as SCRB and considered for contract award (Section 36 of the revised IRR).

#### 3.13 FAILURE OF BIDDING

Failed bidding occurs when the procurement project undertaken was not successfully awarded pursuant to Section 35 of the revised IRR.

#### 3.13.1. No eligible bidder submitted a bid

If no bidder submits a bid, the BAC should declare the bidding a failure. In such a case, the BAC shall issue a Resolution declaring a failure of bidding. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions and specifications in the Bidding Documents, including its cost estimates (Section 35.2 of the revised IRR).

Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of the revised IRR (Section 35.3 of the revised IRR). All bidders that have initially responded to the IB in the first bidding shall be allowed to submit new bids.

If the original estimate is found to be inadequate on reassessment to meet the objectives of the project, it is may be necessary to reduce the scope of the project (or adjust the ABC should there be a second failure of bidding).

Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement (Sections 35.5 and 53 of the revised IRR). Once the bidding failed for the second time, the BAC again should conduct a mandatory review and evaluation of the reasons for failure of bidding. If based on the findings, there is a need to change the terms, conditions and specifications, and if necessary, adjust the ABC, it can do so, subject to the required approvals and the adjustment of the ABC shall only be limited to 20% of the ABC of the last failed bidding.

#### 3.13.2 No prospective bidder is declared eligible

If no prospective bidder is found to be eligible, the BAC should declare the bidding a failure. In such a case, the BAC shall issue a Resolution declaring a failure of bidding. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions and specifications in the Bidding Documents, including its cost estimates (Section 35.2 of the revised IRR).

Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of the revised IRR (Section 35.3 of the revised IRR). All bidders that have initially responded to the IB in the first bidding shall be allowed to submit new bids.

If the original estimate is found to be inadequate on reassessment to meet the objectives of the project, it is may be necessary to reduce the scope of the project (or adjust the ABC should there be a second failure of bidding).

Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement (Section 35.5 and 53 of the revised IRR). Once the bidding failed for the second time, the BAC again should conduct a mandatory review and evaluation of the reasons for failure of bidding. If based on the findings, there is a need to change the terms, conditions and specifications, and if necessary, adjust the ABC, it can do so, subject to the required approvals and the adjustment of the ABC shall only be limited to twenty percent (20%) of the ABC of the last failed bidding.

### 3.14 PARTICIPANTS IN THE SUBMISSION AND RECEIPT OF BIDS AND IN THE OPENING OF BIDS

The following shall participate in the Submission and Receipt of Bids as well as the Opening of Bids:

- a) BAC;
- b) TWG;
- c) BAC Secretariat;
- d) Prospective Bidders; and
- e) Observers.

#### 3.15 SUBCONTRACTING

- a) Subcontracting of any portion of the Goods, if allowed in the BDS, does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.
- b) Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of the Procuring Entity.
- c) Unless otherwise specified in the BDS, the Bidder may subcontract portions of the Goods to an extent as may be approved by the Procuring Entity and stated in the BDS. However, subcontracting of any portion shall not relieve the Bidder from any liability or obligation that may arise from the contract for this Project.
- d) Subcontractors must comply with the eligibility criteria and the documentary requirements specified in the BDS. In the event that any subcontractor is found by the Procuring Entity to be ineligible, the subcontracting of such portion of the Goods shall be disallowed.

The Bidder may identify the subcontractor to whom a portion of the Goods will be subcontracted at any stage of the bidding process or during contract implementation. If the Bidder opts to disclose the name of the subcontractor during bid submission, the Bidder shall include the required documents as part of the technical component of its bid.

#### 4. PROCEDURE

- a) The BAC shall receive from the Bidders their respective bids through their duly authorized representative using the forms specified in the Bidding Documents in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The two (2) envelopes (one containing the Eligibility documents and Technical component of the bid and the other containing the Financial component) shall be submitted at the time, date and place specified in the bidding documents and IB. Upon receipt of these envelopes, the BAC Secretariat must stamp the face of the outer envelope as "RECEIVED," indicating there on the date and time of receipt, and have the stamp countersigned by an authorized representative.
- b) The BAC shall open the bids at the time, date, and place specified in the Bidding Documents. The bidders or their duly authorized representatives may attend the opening of bids. The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids.
- The BAC shall open the First envelope (with the Eligibility Documents and Technical Proposals) of bidders, and shall conduct the Preliminary Examination of Bids to determine each bidder's compliance with the documents that are required to be submitted for the technical component of the bid and eligibility requirements. The opening shall also be done in public. The BAC shall check the submitted eligibility and technical documents of each bidder against a Checklist of required technical documents to ascertain if they are all present in the first bid envelope, using a non-discretionary "pass/fail" criterion, as stated in the Instructions to Bidders. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed."
- d) A bidder determined as "failed" has within the three (3) calendar days upon receipt of written notice or upon verbal notification, if present at the time of bid opening, upon verbal notification, within which to file a request for reconsideration with the BAC. The BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt.

e) Immediately after determining compliance with the requirements in the first envelope, the BAC shall open the second bid envelope (Financial Proposals) of each remaining technically complying bidder whose submitted technical requirements were rated "passed." The second envelope of each technically complying bidder shall be opened on the same day. The BAC shall determine whether one or more of the requirements of the Financial Bid is missing, incomplete or patently insufficient, and if the submitted total bid price exceeds the ABC. If the Financial Bid is complete, the BAC shall rate it "passed" and shall proceed with the evaluation of the Bid. Only bids that are determined to contain all the bid requirements for both Technical and Financial components shall be rated "passed" and shall be considered for evaluation and comparison (Section 30.2 of the revised IRR).

Bids that exceed the ABC will automatically be disqualified. In the case of foreign currency denominated bids, where allowed by the law and rules, the same shall be converted to Philippine currency based on the exchange rate prevailing on the day of the bid opening. The BSP reference rate as of the date of the bid opening shall be used.

f) The BAC shall adopt a procedure for ensuring the integrity, security, and confidentiality of all submitted bids (Section 29 of the revised IRR).

The BAC Secretariat shall record the proceedings using a tape recorder, or a video recorder or any device that may facilitate the recording. The minutes of the bid opening should be prepared within three (3) calendar days after the bid opening date, so that copies thereof could immediately be sent to the BAC members, Observers, bidders and other interested parties. Copies of the minutes shall also be made available to the public upon written request and payment of a specified fee to recover cost of materials (Section 29 of the revised IRR).

### STEP5. CONDUCT BID EVALUATION

#### 1. LEGAL REFERENCE

Section 30 and 32 of the revised IRR are the legal bases for the conduct of bid evaluation.

#### 2. PURPOSE

Bid evaluation is done to determine the Lowest Calculated Bid (Section 32 of the revised IRR)

This is done by:

- **2.1** Establishing the correct calculated prices of the bids, through a detailed evaluation of the financial component of the bids; and
- 2.2 Ranking of the total bid prices as so calculated from the lowest to the highest. The bid with the lowest price shall be identified as the LCB (Section 32.2 of the revised IRR).

#### 3. RULES AND GUIDELINES

#### 3.1 PERIOD OF BID EVALUATION

The entire evaluation process for the bids shall be completed in not more than **seven** (7) **days** from the deadline for receipt of proposals. It is advisable that the BAC exert best efforts to complete the Bid Evaluation even before the lapse of the afore-mentioned periods as this will expedite the procurement process (**Section 32.4** of the revised IRR).

#### 3.2 PARTICIPANTS

The following must participate in the bid evaluation process:

- a) BAC;
- **b)** TWG;
- c) BAC Secretariat; and
- d) Observers.

#### 3.3 "NO CONTACT RULE"

During bid evaluation, the BAC, including its staff and personnel, BAC Secretariat and TWG shall not entertain clarifications from Bidders, neither shall they initiate communication with the Bidders, during the bid evaluation stage. There are two reasons for this rule:

- a) There is no need for clarifications of technical issues since the evaluation is focused on arithmetical computations which are determined from the face of the bid itself; and
- **b)** Communications with the Bidders might lead to possible collusion or the Bidder might try to influence the outcome of the bidding process.

#### 3.4 NON-ACCEPTANCE OF ARITHMETICAL CORRECTIONS BY BIDDERS

The BAC must disqualify the bid and forfeit the bid security of the bidder.

#### 3.5 NO BID COMPLIES WITH ALL BID REQUIREMENTS

If no bid complies with all bid requirements, the BAC should declare the bidding a failure. In such a case, the BAC shall issue a Resolution declaring a failure of bidding. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the Bidding Documents, including its cost estimates (Section 35.2) of the revised IRR). Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting (Section 35.3 of the revised IRR). Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of the revised IRR (Section 35.3 of the revised IRR). Where there has been failure of public bidding for the second time as provided in Section 53.1 of R.A.9184 and the revised IRR, the BAC shall conduct a mandatory review of the terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of the revised IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However, the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding (Section 53.1.1 of the revised IRR).

#### 4. PROCEDURE FOR BID EVALUATION

- a) After the preliminary examination of bids, the BAC, through the TWG, shall immediately conduct a detailed evaluation of all bids rated "passed," using a non-discretionary criteria, as stated in the IB and the ITB, which shall include a consideration of the following: (Section 32.2.1 of the revised IRR)
  - i. Completeness of the bid. Unless the Instructions to Bidders specifically allow partial bids, bids not addressing or providing all of the required items in the Bidding Documents including, where applicable, bill of quantities, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a "0" (zero) for the said item would mean that it is being offered for free to the Government;
  - ii. Arithmetical corrections. Consider computational errors, omissions, and other bid modifications, if allowed in the Bidding Documents, to enable proper comparison of all eligible bids. Any adjustment shall be calculated in monetary terms to determine the calculated prices.
  - iii. In the evaluation of bids, all bids shall be evaluated on an equal footing to ensure fair and competitive bid evaluation. For this purpose, all bidders shall be required to include the cost of all taxes, such as, but not limited to, value added tax, income tax, local taxes, and other fiscal levies and duties which shall be itemized in the bid form and reflected in the detailed estimates. Such bids, including said taxes, shall be the basis for bid evaluation and comparison.
  - iv. In case of discrepancies between: (a) bid prices in figures and in words, the latter shall prevail; (b) total prices and unit prices, the latter shall prevail; (c) unit cost in the detailed estimate and unit cost in the bill of quantities, the latter shall prevail (Section 32.2.3 of the revised IRR). The corrected per item cost for all items shall be the basis for the corrected grand total cost.
- b) Based on the detailed evaluation of bids, those that comply with the abovementioned requirements shall be ranked in the ascending order of their total calculated bid prices, as devaluated and corrected for computational errors, discounts and other modifications, to identify the LCB. Total calculated bid prices, as evaluated and corrected for computational errors, discounts and other modifications, which exceed the ABC shall be disgualified.

- After all bids have been received, opened, examined, evaluated and ranked, the BAC shall prepare the corresponding Abstract of Bids. All members of the BAC shall sign the Abstract of Bids and attach thereto all the bids with their corresponding Bid Securities and the minutes or proceedings of the bidding. The Observers shall also sign the Abstract of Bids if, in their independent observation, the bidding activity conducted by the BAC followed the correct procedure indicated under R.A. 9184 and the revised IRR. The Abstract of Bids shall contain the following:
  - i. Name of the contract and its location, if applicable;
  - ii. Time, date and place of bid opening; and
  - iii. Names of bidders and their corresponding calculated bid prices arranged from lowest to highest, the amount of Bid Security and the name of the issuing entity.
- **d)** The bid evaluation process shall be completed within seven (7) calendar days from the deadline for the receipt of proposals.
- e) The TWG, with the assistance of the BAC Secretariat, when directed by the BAC, should prepare the Evaluation Report, containing the details of the evaluation conducted, preferably within three (3) calendar days from the date the evaluation was concluded.

For FAPs, the rules on evaluation will depend on the standard bidding documents for the project.

#### 5. DOMESTIC PREFERENCE APPLICATION DURING EVALUATION

According to Section 43 of the revised IRR, goods may be obtained from domestic or foreign sources. This is consistent with the GOPs obligations under international treaties and agreements. However, the claim for domestic preference shall be governed by the following conditions:

a) The procurement thereof shall be open only to eligible suppliers, manufacturers and distributors:

b) In the interest of availability, efficiency and timely delivery of goods, the procuring entity may give preference to the purchase of domestically-produced and manufactured goods, supplies and materials that meet the specified or desired quality, in accordance with the provisions of Commonwealth Act No. 138.

### 5.1 DOCUMENTARY REQUIREMENTS ON THE APPLICATION OF DOMESTIC PREFERENCE

Prospective local/domestic bidders shall be granted **Domestic Entity** only when they have secured the following documents from the appropriate government:

- a) Certification from the DTI (in case of sole proprietorships), SEC (in case of partnerships and corporations), or CDA (in case of cooperatives) that it has complied with qualifications required under the revised IRR such those reflected in the PBD, to wit:
  - i. Sole proprietor is a citizen of the Philippines or the partnership, corporation, cooperative, or association is duly organized under the laws of the Philippines with at least seventy five percent (75%) of its interest or outstanding capital stock belonging to citizens of the Philippines,
  - ii. Habitually established in business and habitually engaged in the manufacture or sale of the merchandise covered by his bid, and
  - *iii.* The business has been in existence for at least five (5) consecutive years prior to the advertisement and/or posting of the Invitation to Bid for this Project.
- **b)** Certification from the DTI containing the following information:
  - i. It is offering unmanufactured articles, materials or supplies of the growth or production of the Philippines, or manufactured articles, materials, or supplies manufactured or to be manufactured in the Philippines substantially from articles, materials, or supplies of the growth, production, or manufacture, as the case may be, of the Philippines.

#### 5.2 PROCEDURE AND GUIDELINES IN DOMESTIC PREFERENCE

- a) The preference shall be applied when (a) the lowest Foreign Bid is lower than the lowest bid offered by a Domestic Bidder, or (b) the lowest bid offered by a non-Philippine national is lower than the lowest bid offered by a Domestic Entity.
- b) The procuring entity shall ensure that both bids are responsive to the minimum requirements as specified in the Bidding Documents.
- c) For evaluation purposes, the lowest Foreign Bid or the bid offered by a non-Philippine national shall be increased by fifteen percent (15%).
- d) In the event that (a) the lowest bid offered by a Domestic Bidder does not exceed the lowest Foreign Bid as increased, or (b) the lowest bid offered by a Domestic Entity does not exceed the lowest bid offered by a non-Philippine national as increased, then the procuring entity shall award the contract to the Domestic Bidder/Entity at the amount of the lowest Foreign Bid or bid offered by a non-Philippine national, as the case may be.
- e) If the Domestic Entity/Bidder refuses to accept the award of contract at the amount of the Foreign Bid or bid offered by a non- Philippine national within two (2) calendar days from receipt of written advice from the BAC, the procuring entity shall award to the bidder offering the Foreign Bid or the non-Philippine national, as the case may be, subject to post-qualification and submission of all the documentary requirements under the revised IRR.

A Procuring Entity shall apply domestic preference in the procurement of goods as long as it complies with the provisions of the revised IRR of R.A. 9184 and R.A. 5183, and this shall be expressly mentioned in the bidding documents.

In applying domestic preference, the Procuring Entity shall be guided by the provisions of Commonwealth Act (C.A.) No. 138, to wit:

- 1. When the LCB including taxes and customs duties, is a "foreign bid" as defined in C.A. No. 138 (see definition below), the award shall be made to the bidder who submitted the lowest "domestic bid," provided that:
  - the domestic bid is not more than <u>fifteen percentum</u> (15%) in excess of the LCB. (Section 3 [e] C.A. No. 138); and

b) the bidder who submitted the lowest domestic bid must pass the post-qualification.

An illustrative case is as follows: Foreign Bidder A submitted bid of fifteen Million Pesos (P15,000,000.00) which was declared as the LCB. Domestic preference was specified in the bidding documents. The lowest Domestic Bidder B submitted a bid of Sixteen Million Five hundred Thousand Pesos (P16,500,000.00), which is ten percent (10%) in excess of the LCB. If Bidder B is post-qualified, and the items offered pass the necessary quality assurance tests, it shall be awarded the contract. However, if it is post-disqualified, or if the goods it offered do not meet the standard of quality specified in the Bidding Documents, the award shall be made to Bidder A.

An illustrative case is as follows: Foreign Bidder A submitted a bid of Fifteen Million Pesos (P15,000,000.00) which was declared as the LCB. Domestic preference was specified in the bidding documents. The lowest Domestic Bidder B submitted a bid of Seventeen Million Four Hundred Thousand Pesos (P17,400,000.00), which is sixteen percent (16%) in excess of the LCB. If Bidder A is post-qualified, and the items offered pass the necessary quality assurance tests, it shall be awarded the contract, despite the domestic preference.

A "foreign bid" means any offer of articles, materials or supplies not manufactured or to be manufactured in the Philippines, substantially from articles, materials or supplies of the growth, production, or manufacture, as the case may be, of the Philippines (Section 2[d], C.A. No. 138 and Section 5.n of the revised IRR of R.A. 9184). Conversely, a "domestic bid" means any offer of unmanufactured articles, materials, or supplies of the growth or production of the Philippines, or manufactured articles, materials or supplies manufactured or to be manufactured in the Philippines. substantially from articles, materials or supplies of the growth, production or manufacture, as the case may be, of the Philippines. (Section 2[c] C.A. No. 138) In US jurisprudence, the term "substantially" was construed to mean "more seventy-five (75) percent." Thus, even if a product is manufactured in the Philippines, it may not be considered within the ambit of the preference if its raw materials are not substantially sourced from the Philippines.

- 2. When several bidders participate in a public bidding for the supply of articles, materials and equipment for a Procuring Entity, including public buildings or public works, and the LCB is submitted by one other than a "domestic entity" (see definition below), the award should be made to the domestic entity making the lowest bid, provided that:
  - (a) the bid of the domestic entity is not more than fifteen percent (15%) in excess of the LCB; and
  - **(b)** the same domestic entity must pass the post- qualification.

A "domestic entity" means any citizen of the Philippines habitually established in business and engaged in the manufacture or sale of the merchandise covered by his bid, or any corporate body or commercial company duly organized and registered under the laws of the Philippines of whose capital seventy-five (75%) is owned by citizens of the Philippines, or both. (Section 2[b] C.A. No. 138) Applying C.A. No. 138, in the case of Asbestos Integrated Manufacturing, Inc. v. Metropolitan Waterworks and Sewerage System (G.R. No. L-45515. October 29, 1987), the term "domestic entity" was interpreted to mean citizens of the Philippines or corporate bodies or commercial companies, duly organized and registered under the laws of the Philippines, 75% of whose capital is owned by citizens of the Philippines, and who are habitually established in business engaged in the manufacture or sale of merchandise covered by their bid.

- 3. In the case of FAPs or procurement undertaken by virtue of international treaties or agreements, when there is no provision disallowing the application of domestic preference, in compliance with R.A. 9184 Section 43, the preference in item (a) above for domestically-produced and manufactured goods, supplies and materials that meet the specified or desired quality may further be allowed in the interest of:
  - Availability, that is, the domestically-produced goods are more readily available in the market, like off-the-shelf items;

- b) Efficiency; and
- c) Timely delivery of goods.
- **4.** In the case of FAPs undertaken through IFI funding, at the request of the Procuring Entity, and under conditions to be agreed under the loan agreement and set forth in the bidding documents, a margin of preference may be provided in the evaluation of bids for:
  - a) Goods manufactured in the country of the Procuring Entity when comparing bids offering such goodswith those offering goods manufactured abroad; and
  - b) Works in member countries below a specified threshold of Gross National Product per capita, when comparing bids from eligible domestic contractors with those from foreign firms.
- **5.** Where preference for domestically manufactured goods or for domestic contractors is allowed, the methods and stages set forth in the IFI's pertinent guidelines should be followed.

# STEP6. CONDUCT POST-QUALIFICATION

#### 1. LEGAL REFERENCE

Section 34 of the revised IRR is the legal basis for the conduct of post-qualification in the procurement of goods and services.

#### PURPOSE

Post-qualification is the process of verifying, validating and ascertaining all the statements made and documents submitted by the bidder with the LCB, which includes ascertaining the said bidder's compliance with the legal, financial and technical requirements of the bid.

The LCB shall undergo post-qualification in order to determine whether the bidder concerned complies with and is responsive to all the requirements and conditions as specified in the Bidding Documents (Section 34.1 of the revised IRR).

The criteria to be met should be set out in the bidding documents, and if the bidder does not meet them, the bid should be rejected.

The examination of eligibility documents does not ascertain the validity and genuineness of the eligibility documents submitted by the bidders. Neither does it determine the veracity of the claims made by the bidders in their financial and technical proposals.

The post-qualification process, on the other hand, does.

#### 3. RULES AND GUIDELINES

#### 3.1 REQUIREMENT IN POST-QUALIFICATION

Within three (3) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the Lowest Calculated Bid or Highest Rated Bid, the bidder shall submit the following documentary requirements to the BAC:

#### a) Tax clearance;

- **b)** Latest income and business tax returns;
- c) Certificate of PhilGEPS Registration; and
- d) Other appropriate licenses and permits required by law and stated in the Bidding Documents.

# REFER TO APPROPRIATE ANNEXES FOR ADDITIONAL REQUIREMENTS FOR OTHER GOODS

# 3.2. ADDITIONAL DOCUMENTARY REQUIREMENTS FOR THE PROCUREMENT OF HEALTH-RELATED GOODS BASED ON EXISTING LAWS AND REGULATIONS

- CERTICATE OF PRODUCT REGISTRATION is the certificate being issued to a licensed manufacturer, trader, importer, or distributor for the purpose of marketing or free distribution of a product after evaluation for safety, efficacy and quality from FDA.
- CERTICATE OF PRODUCT LISTING is the certificate being issued to a licensed manufacturer, trader, importer, or distributor for the purpose of distribution and/or sale of cosmetic specialty qualified listing (without pre-market approval) with FDA after evaluation for safety, efficacy and quality from FDA.
- CERTIFICATE OF GOOD MANUFACTURING PRACTICE current system of quality assurance aimed at ensuring that products are consistently manufactured to a quality appropriate for intended use. It is concerned with both manufacturing and control process and procedures.
- LICENSE TO OPERATE is an authorization to run or provide or conduct the health or health related business or services issued by FDA.
  - a) For Drugs and Medicines Based on RA 3720, "Food, Drug and Cosmetic Act"; RA 7394, "Consumer Act of the Philippines"; Administrative Order 67 s. 1967, "Revised rules and regulation on the registration of pharmaceutical products"; AO s

2005-0030, "Guidelines and procedure for the automatic renewal of CPR

- i. Valid and current License to Operate;
- ii. Certificate of Product Registration of goods to be bid; and
- *iii.* Certificate of Good Manufacturing Practice or equivalent document in the case of foreign supplier, authenticated by the Philippine Consulate.
- **b)** Other health and health-related goods Certificate of Product Registration from FDA.
  - i. Blood testing reagents for blood services facilities (HbsAg Test kits, HIV test kits, particle agglutination test kits, HCV test kits) – AO 94 s 2002, "Amendment to AO 41 s. 2001 Re: Adoption of list of blood testing reagents for use of blood service facilities";
  - ii. Antibiotics "AO 151 s 1971 and AO 103 s 2003," Batch certification of antibiotics";
  - iii. Equipment and devices used for treating sharps, pathological and infectious waste AO 2007-0014, "Guidelines on the issuance of certificate of product registration for equipment and devices used for treating sharps, pathological and infectious waste";
  - *iv.* Cosmetics Certificate of product listing;
  - v. Herbal products AO 184 s 2004, "Guidelines on the registration of traditionally used herbal products";
  - **vi.** Veterinary products, health devices, diagnostic reagents, household hazardous substances.

- c) Medical Devices RA 3720, "Food, Drug and Cosmetic Act"; RA 7394, "Consumer Act of the Philippines";
- d) Water purification equipment and devices AO 2005-3003-A, "Amendment to AO 2005-2003 dated January 11, 2005, re: Guidelines on the issuance of CPR for purification equipment and device.
- e) Hospital Waste Treatment Provider or/and Treatment Storage and Disposal Facility Operator – RA 6969, Toxic Substances and Hazardous & Nuclear Waste Control Act of 1990; Joint DENR & DOH AO 02 s 2005, "Policies and guidelines on effective and proper handling, collection, transport, treatment, storage and disposal of health care waste
  - Registration as TSD Facility based on the Implementing Rules and Regulation of RA No. 6969 from DENR-EMB Central Office
  - *ii.* Registration with DENR-EMB as Waste Transporter
  - *iii.* Transport Permit issued by DENR-EMB Regional office procurement hospital client; and
  - *iv.* Three (3) Sample Manifest Form each for three (3) major clients to transport the infectious/hazardous wastes, in accordance with the revised IRR of RA No. 6969
- X-ray facilities and other radiologic diagnostic imaging equipment such as MRI, CT Scan, Ultrasound Mammography which do not have or underdeveloped written specific regulatory requirements – AO No 124 S 1992, "Rules & regulations governing the establishment, operation and maintenance of an X-ray facility in the Philippines;"
  - *i.* Registration or permit/license to sell from Bureau of Health Devices and Technology for X-ray facilities or if applicable;
  - ii. In case of foreign suppliers or principals, a copy of registration certification or permit/license to sell the

product in the country of origin and duly authenticated by the Philippine Consular Office in the country of origin;

- *iii.* Certificate from the manufacturer guaranteeing that:
  - Equipment model would be available for delivery should their bidder wins, duly authenticated by the Philippine Consular Office in the country of origin;
  - b) Spare parts for the equipment model would be available for at least 5-10 years depending on the complexity of the equipment.
- iv. Duly notarized certificate of free equipment preventive or corrective maintenance and free provision of spare parts for at least 3 years
- 3.2.1 Failure to submit the above requirements on time and/or a finding against the veracity of such shall be ground for the forfeiture of the bid security and disqualify the bidder for award (Section 34.2 of the revised IRR).

Post-qualification involves the BAC verifying, validating and ascertaining that the bidder satisfies the following requirements: (Section 34.3 of the revised IRR)

a) Legal Requirements.

To verify, validate, and ascertain licenses, certificates, permits, and agreements submitted by the bidder, and the fact that it is not included in any "blacklist" as provided in Section 25.2 of the revised IRR. For this purpose, the GPPB shall maintain a consolidated file or fall "blacklisted" suppliers, contractors, and consultants.

#### b) Technical Requirements

To determine compliance of the goods, infrastructure projects, or consulting services offered with the requirements specified in the Bidding Documents, including, where applicable:

 Verification and validation of the bidder's stated competence and experience, and the competence and

- experience of the bidder's key personnel to be assigned to the project, for the procurement of infrastructure projects and consulting services;
- ii. Verification of availability and commitment, and/or inspection and testing for the required capacities and operating conditions, of equipment units to be owned/leased/under purchase by the bidder for use in the contract under bidding, as well as checking the performance of the bidder in its ongoing government and private contracts (if any of these on-going contracts shows a reported negative slippage of at least fifteen percent (15%), or substandard quality of work as per contract plans and specifications, or unsatisfactory performance of the contractor's obligations as percontract terms and conditions, at the time of inspection, and if the BAC verifies any of these deficiencies to be due to the contractor's fault or negligence, the agency shall disqualify the contractor from the award), for the procurement of infrastructure projects;
- iii. Verification and/or inspection and testing of the goods/product, aftersales and/or maintenance capabilities, in applicable cases, for the procurement of goods; and
- *iv.* Ascertainment of the sufficiency of the bid security as to type, amount, form and wording, and validity period.

(c) <u>Financial Requirements</u>. To verify, validate and ascertain the bid price proposal of the bidder and, whenever applicable, therequired CLC in the amount specified and over the period stipulated in the Bidding Documents, or the bidder's NFCC to ensure that the bidder can sustain the operating cash flow of the transaction.

#### 3.3 PERIOD OF ACTION

The post-qualification process shall be completed in not more than seven (7) calendar days from the determination of the LCB. In exceptional cases, the post-qualification period may be extended by the HOPE, but in no case shall the aggregate period exceed thirty (30) calendar days (Section 34.8 of the revised IRR).

#### 3.4 PARTICIPANTS

The following parties ought to be involved in the conduct of post-qualification:

- a) BAC
- **b)** TWG; and
- c) BAC Secretariat; and
- d) Eligible supplier/manufacturer, ranked starting from bidder with the LCB

#### 2.3 GROUNDS FOR DISQUALIFICATION

- a) A bidder that has been blacklisted by any government agency or instrumentality will be disqualified by the BAC from further participating in the bidding process.
- **b)** A bidder or its employees is related Head of the Procuring Entity, members of the BAC, the TWG, and the BAC Secretariat, the head of the PMO or the end-user unit, and the project consultants, by consanguinity or affinity up to the third (3<sup>rd</sup>) civil degree.

(c) A bidder is found to have committed an act that constitutes fraud or misrepresentation or to have colluded with others for the purpose of influencing the outcome of the Bidding. Such bidder will be disqualified by the BAC, its bid security forfeited and, upon conviction, it will suffer the penalty of imprisonment of not less than six (6) and one (1) day and not more than fifteen (15) years, (Section 65.2 of the revised IRR) and likewise suffer the administrative penalties of suspension for one (1) year from participation in government procurement for the first offense, and suspension for two (2) years for the second offense. (Section 69.1 of the revised IRR)

#### 3.6 REQUEST FOR RECONSIDERATION FROM POST-DISQUALIFIED LCB

If the bidder with the LCB fails to pass post-qualification, the BAC shall immediately notify the said bidder in writing of its post-disqualification and the grounds for it. The post-disqualified bidder shall have three (3) calendar days from receipt of the said notification to request from the BAC, if it so wishes, a reconsideration of this decision. Similar to the cases of bidders deemed to be ineligible and whose bids are rated "failed," the bidder with the LCB who fails to pass post-qualification may likewise file a protest with the corresponding fee in case the BAC denies its request for reconsideration.

Immediately after the BAC has notified the first bidder of its post-disqualification, and notwithstanding any pending request for reconsideration thereof, the BAC shall initiate and complete the same post-qualification process on the bidder with the second LCB. If the second bidder passes the post-qualification, and provided that the request for reconsideration of the first bidder has been denied, the BAC shall declare the second bidder as the bidder with the LCRB. The HOPE shall then award the contract to it (Section 34.6 of the revised IRR).

If the second bidder, however, fails the post-qualification, the procedure for post-qualification shall be repeated for the bidder with the next Lowest Calculated Bid, and so on until the LCRB, as the case may be, is determined for award (Section 34.7 of the revised IRR).

#### 3.7 FAILURE OF BIDDING DUE TO POST-DISQUALIFICATION

If no bidder passes post-qualification, the BAC should declare a failure of bidding. In such a case, the BAC shall issue a Resolution declaring a failure of bidding. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the Bidding Documents, including its cost estimates (Section 35.2 of the revised IRR). Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of the revised IRR. Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of the revised IRR (Section 35.3 of the revised IRR). Where there has been failure of public bidding for the second time as provided in Section 53.1 of R.A. 9184 and the revised IRR, the BAC shall conduct a mandatory review of the terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of the revised IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However, the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding (Section 53.1.1 of the revised IRR).

#### 4. PROCEDURE

The following steps are followed in the conduct of post-qualification:

- a) The BAC/TWG verifies, validates, and ascertains the genuineness, validity and accuracy of the legal, technical and financial documents submitted by the bidder with the LCB, using the non-discretionary criteria described above.
  - In verifying the information contained in such documents, the TWG may make inquiries with appropriate government agencies and examine the original documents kept in the bidder's place of business. The use of other means for verification and validation of such documents may be resorted to by the TWG, such as the Internet and other research methods that yield the same results.
- b) The BAC/TWG inquires about the bidder's performance in relation with other contracts/transactions as indicated in its eligibility statement (statement of on-going, completed or awarded contracts).

- c) If the TWG conducts post-qualification, it prepares a Post-qualification Report to be submitted to the BAC. The Report shall contain, among others, the activities undertaken with regard to the Post-qualification process, including feedback from inquiries conducted.
- **d)** The BAC reviews the Post-qualification Report submitted by the TWG.
- e) The BAC determines whether the bidder with the LCB passes all the criteria for post-qualification.
- f) If the LCB passes the post-qualification, the BAC declares it as the LCRB.
- g) After the BAC has determined the LCRB, the Secretariat, with the assistance of the TWG, if necessary, prepares the BAC Resolution declaring the LCRB and the corresponding Notice to the said bidder informing it of its post-qualification.
- h) The BAC shall also prepare a notice of bidding results for the other bidders.

## STEP7. AWARD OF CONTRACT

#### 1. LEGAL REFERENCE

Section 37 of the revised IRR is the legal basis for the award of contract which necessary covers the HOPE's approval of the BAC Resolution to declare LCRB and issuance of the NOA.

#### 2. PURPOSE

The contract shall be awarded to the bidder with the LCRB at its submitted bid price or its calculated bid price, whichever is lower (Section 37.1 of the revised IRR).

The BAC shall issue a resolution recommending to the HOPE award of the contract to the bidder with the LCRB at its submitted bid price or its calculated bid price, whichever is lower.

#### 3. RULES AND GUIDELINES

#### 3.1. NOTICE OF AWARD

The NOA shall be given to the bidder with the LCRB immediately after approval of the recommendation. Simultaneously, a copy of the Notice shall be furnished to all losing bidders, and posted in the website of the PhilGEPS, as well as the websites of the procuring entity, if any.

Prior to the expiration of the period of bid validity, the Procuring Entity should notify the successful bidder in writing that its bid has been accepted, through a NOA received personally or sent by registered mail or electronically. It is important that, in case the NOA is not received personally, its receipt must be confirmed in writing within two (2) days by the successful bidder and submitted personally or sent by registered mail or electronically to the Procuring Entity (this particular instruction must be included in the ITB so that the bidder may be guided according expressed in writing, copy furnished the BAC (Section 37.1.3 of the Revised IRR.)

#### 3.2 PERIOD OF ACTION

Within a period not exceeding seven (7) calendar days from the date of receipt of the BAC recommendation, the HOPE shall approve or disapprove said recommendation (Section 37.1.2 of the revised IRR.)

In case of approval, the HOPE shall immediately issue the NOA to the bidder with the LCRB. In the event the HOPE shall disapprove such recommendation, such disapproval shall be based only on valid, reasonable, and justifiable grounds to be

#### 3.3 MAXIMUM PERIOD OF TIME THAT A CONTRACT CAN BE AWARDED

The awarding of the contract shall be made within a maximum period of three (3) months from the date of bid opening (Section 38.1of the revised IRR). The lasted allowable time to be observed for the entire procurement process from advertisement or posting of the IB to the issuance of the NTP should not exceed One Hundred Twenty-Four (124) calendar days (Annex C of the revised IRR). If award cannot be made within the said period, the bid validity period should be extended. (Please refer to the Step on Preparation of the Bidding Documents for the discussion on extension of the bid validity period.)

#### 3.4 PARTICIPANTS

The following must participate in the activities related to the awarding of the Contract:

- a) HOPE:
- **b)** BAC;
- c) BAC Secretariat;
- **d)** Bidder who submitted the LCRB/SCRB.

#### 3.5 NON-ACCEPTANCE OF AWARD BY LCRB

The BAC must disqualify the bidder and forfeit its bid security. It then initiates and completes the post-qualification of the bidder with the second LCB. This bidder is then awarded the contract, if found to be post-qualified. This procedure is repeated until the LCRB is determined.

Should all bidders fail post-qualification, the BAC must declare the bidding a failure. In such a case, the BAC shall issue a Resolution declaring a failure of bidding. In order to determine the reason for the failed bidding, the BAC shall conduct a mandatory review and evaluation of the terms, conditions, and specifications in the Bidding Documents, including its cost estimates (Section 35.2 of the revised IRR).

Based on its findings, the BAC shall revise the terms, conditions, and specifications, and if necessary, adjust the ABC, subject to the required approvals, and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of the revised IRR (Section 35.3 of the revised IRR). Should there occur a second failure of bidding, the procuring entity may resort to negotiated procurement, as provided for in Section 53.1 of the revised IRR (Section 35.3 of the revised IRR). Where there has been failure of public bidding for the second time as provided in Section 53 of R.A. 9184 and the revised IRR, the BAC shall conduct a mandatory review of the terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of the revised IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However, the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding (Section 53.1.1 of the revised IRR).

Refusal to accept an award, without just cause or for the purpose of forcing the procuring entity to award the contract to another bidder, if proven, is meted with a penalty of imprisonment of not less than six (6) years and one (1) day by not more than fifteen (15) years (Section 65.3.4 of the revised IRR). Additional penalties of suspension for one (1) year from participation in government procurement for the first offense, and suspension for two (2) years for the second offense shall also be imposed on the bidder. (Section 69.1 of the revised IRR)

#### 4. PROCEDURE

The following steps are followed in the awarding of a contract:

- The BAC Secretariat drafts the BAC Resolution Recommending Award.
- b) The BAC Secretariat consolidates all the documents and/or records of the proceedings of the BAC with regard to the procurement at hand, and attaches the same to the BAC Resolution.
- c) The BAC approves and signs the Resolution Recommending Award, and the BAC Secretariat transmits the same to the HOPE.
- d) The HOPE or his/her duly authorized representative, acts on the recommendation for award within seven (7) calendar days from the date of determination and declaration by the BAC of the LCRB/SCRB.
- e) In case of a disapproval of the recommendation of award, the HOPE shall state in writing the valid, reasonable and justifiable grounds/reason(s) for disapproval and instruct the BAC on the subsequent steps to be adopted. In case of approval of the recommendation, the HOPE, through the procurement unit/office, issues the NOA to the bidder with the LCRB/SCRB, while the BAC accordingly notifies the losing bidders.
- **f)** The bidder with the LCRB/SCRB accepts the NOA.
- **4.1** Notwithstanding the issuance of the NOA, award of contract shall be subject to the following conditions:
  - Submission of the following documents within the prescribed period. (Section 37.1.4 of the revised IRR)
  - b) Valid JVA, if applicable, within ten (10) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the LCRB; or
  - c) Posting of performance security in accordance with Section 39 of the revised IRR;
  - d) Signing of the contract as provided in Section 37.2 of the revised IRR; and
  - **e)** Approval by higher authority, if required, as provided in Section 37.3 of the revised IRR.

- f) The BAC, through the Secretariat, shall for information purposes post the NOA within three (3) calendar days from issuance thereof, to the bidder with the LCRB/SCRB, in the following:
  - 1. PhilGEPS website;
  - 2. Procuring entity's website, if any; and
  - 3. Any conspicuous place within the premise of the procuring entity.

# STEP 8. SIGN AND APPROVE CONTRACT/PURCHASE ORDER

#### 1. LEGAL REFERENCE

Section 37 of the revised IRR specifies the rules regarding contract signing and approval.

#### 2. PURPOSE

This is the stage where the procuring entity enters into an agreement with the LCRB to undertake the project within the conditions and period set forth in the procurement process. This is also the stage when actual notice is given to LCRB to commence the project.

#### 3. RULES AND GUIDELINES

#### 3.1 Period of entering into contract

The winning bidder and the Procuring Entity must enter into a contract immediately after the former has submitted the performance security and all other documentary requirements within the period specified in the revised IRR. The procuring entity shall enter into contract with the winning bidder within the same ten (10) day period provided that all the documentary requirements are complied with. (Section 37.3 of the revised IRR)

Notwithstanding the issuance of the NOA, award of contract shall be subject to the following conditions:

- a) Submission of the following documents within the prescribed period:
- b) Valid JVA, if applicable, within ten (10) calendar days from receipt by the bidder of the notice from the BAC that the bidder has the LCRB, as the case may be; or
- c) Posting of performance security in accordance with Section 39 of the revised IRR;
- Signing of the contract as provided in Section 37.2 of the revised IRR;
   and

**e)** Approval by higher authority, if required, as provided in Section 37.3 of the revised IRR.

The Chief Accountant or the Chief Budget Officer may sign the contract as an instrumental witness thereto.

The Procuring Entity signatory is encouraged to sign within the same day as the signing of the bidder as there are penalties against delaying, without justifiable cause, the award of the contract (**Section 65.1 of the revised IRR**). Moreover, it would be best for the winning bidder and the HOPE, or its appropriate signing authority, to sign/execute the contract together – provided that all contract documents and requirements are complete – so that both may personally appear before a Notary Public.

#### 3.2 TIMELINES IN CONTRACT APPROVAL

Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the HOPE shall approve or disapprove the said recommendation.

When, after contract signing, further approval of a **higher authority** is required, the approving authority for the contract, or his duly authorized representative, shall be given a **maximum of fifteen (15) calendar days** from receipt thereof, together with all documentary requirements to perfect the said contract, to approve or disapprove it.

#### 3.3 PARTICIPANTS

The following parties are involved in contract signing and approval:

- a) Procurement Unit/Office/End-User Unit;
- b) HOPE and/or higher contract approving authority; and
- c) Winning bidder.

#### 3.4 CONTRACT DOCUMENTS

The contract shall include the following. The first nine (9) requirements are provided by the Procuring Entity, while the winning bidder submits the rest.

- a) Contract Agreement;
- **b)** Conditions of the Contract;
- c) Drawings/Plans, if applicable;
- **d)** Technical Specifications of goods of scope of work for services;
- e) Invitation to Bid;
- f) Bidding Documents;
- **g)** Addenda and/or Supplemental/Bid Bulletins, if any;
- Bid form including all the documents/statements contained in the winning bidder's two bidding envelopes, as annexes;
- Winning bidder's bid, including the Eligibility requirements, Technical and Financial Proposals, and all other documents and/or statements submitted;
- j) Performance Security;
- K) Credit Line issued by a universal or commercial bank in accordance with the provisions of the revised IRR, if applicable; (Actual credit line from the same bank who issued the written commitment. This is different from the written commitment from the bank submitted during eligibility);
- *I)* NOA of Contract with the winning bidder's "Conforme" thereto; and
- m) Other contract documents that may be required by existing laws and/or the Procuring Entity concerned.

#### 3.5 PERFORMANCE SECURITY

A performance security is a guarantee that the winning bidder will faithfully perform its obligations under the contract prepared in accordance with the bidding documents (Section 39.1 of the revised IRR). It must be posted in favor of the Procuring Entity, and will be forfeited in the latter's favor in the event it is established that the winning bidder is in default in any of its obligations under the contract (Section 39.2 of the revised IRR).

#### 3.5.1 When to Post Performance Security

Within a maximum period of ten (10) calendar days from the receipt of the NOA from the Procuring Entity, and in all cases upon the signing of the contract, the successful bidder should furnish the Procuring Entity with the performance security in accordance with the Conditions of Contract, and in the Form prescribed in the Bidding Documents (Section 37.2.1 of the revised IRR). The performance security forms part of the contract. (Section 37.2.3 of the revised IRR).

#### 3.5.2 Forms and corresponding amounts required

According to Section 39.2 of the revised IRR, the performance security must be in any of the following or a combination of forms with the corresponding required amounts:

FORMS OF PERFOMRNACE SECURITY		AMOUNT OF PERFORMANCE SECURITY (Equal to Percentage of the ABC)		
a)	Cash, cashier's/manager's check issued by a Universal or Commercial Bank.	Five percent (5%)		

b)	Bank draft/ guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	Five percent (5%)
c)	Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Thirty percent (30%)
d)	Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security

For FAPs, reference should be made to the appropriate standard bidding documents for the project in order to determine the applicable amount and form of the performance security.

#### 3.5.3 Determination of form of the Performance Security

The prospective bidder has the authority to choose from among the allowable forms of performance security it shall submit.

#### 3.5.4 Parties involved in the Posting of the Performance Security

The following personalities are involved in the posting of the performance security:

- a) The bidder with the LCRB/SCRB,
- **b)** The Procuring Entity, and
- **c)** The Issuer of the security, *e.g.*, the banking institution or the insurance Company.

# 3.6 REFUSAL OR INABILITY OF LCRB OR SCRB TO POST THE PERFORMANCE SECURITY AND SIGN THE CONTRACT WITHIN THE PRESCRIBED PERIOD

If the bidder with the LCB/SCB, fails, refuses or is unable to submit the documents required under Section 37.1 of the revised IRR of R.A. 9184 or to make good its bid by entering into a contract with the procuring entity or post the required Performance Security within the period stipulated in this IRR or in the Bidding Documents, the bid security shall be forfeited and the appropriate sanctions provided in the revised IRR of R.A. 9184 and existing laws shall be imposed, except where such failure, refusal or inability is through no fault of the said bidder (Section 40.1 of the revised IRR).

If the bidder with the LCRB or SCRB refuses to, or is unable, through its own fault, to post the performance security and sign the contract within the prescribed period:

- a) Its bid security is forfeited;
- b) It is disqualified from further participating in the bidding at hand and signing of the contract;
- c) Upon conviction, the relevant officers or individuals will suffer the penalty of imprisonment of not less than six (6) and one (1) day and not more than fifteen (15) years; and
- d) Upon determination of administrative liability, it will suffer the administrative penalties of suspension for one (1) year from participation in government procurement for the first offense, and suspension for two (2) years for the second offense. This is without prejudice to the blacklisting proceedings undertaken in accordance with the Uniform Guidelines for Blacklisting (GPPB Resolution No. 09-2004).

In the case of the failure, refusal or inability of the bidder with the LCRB/SCRB to submit the documents required under Section 37.1 of the revised IRR of R.A. 9184 or to enter into contract and post the required Performance Security, as provided in Section 39 of the revised IRR of R.A. 9184, the BAC shall disqualify the said bidder, and shall initiate and complete the post-qualification process on the bidder with the second LCB/SCB. This procedure shall be repeated until the LCRB/SCRB is determined for award. However, if no bidder passes post-qualification, the BAC shall declare the bidding a failure and conduct a re-bidding with re-advertisement.

Should there be another failure of bidding after the conduct of the contract's rebidding, the procuring entity concerned may enter into a negotiated procurement (Section 40.2 of the revised IRR).

In the case of failure, refusal or inability of the bidder with the LCRB/SCRB to submit the documents required under Section 37.1 of the revised IRR of R.A. 9184 or to enter into contract and post the required Performance Security, as provided in this Section, the BAC shall disqualify the said bidder, and shall declare the bidding a failure and conduct a re-bidding with re-advertisement and/or posting, as provided for in Sections 21 and 25 of the revised IRR of R.A. 9184. Should there occur another failure of bidding after the conduct of the contract's re-bidding, the procuring entity concerned may enter into a negotiated procurement (Section 40.3 of the revised IRR).

#### 3.7 APPROVING AUTHORITIES

In most procuring entities, particularly the bureaus or lower-level offices of national government agencies or centrally managed GOCCs or GFIs, the contract signatory is a different official from the approving authority. For example, a bureau/service director and cluster head may only be authorized to approve contracts up to Five Million Pesos (P 5,000,000,00) and One Hundred Million (P100,000,000,000) respectively. Contracts exceeding the said amount are brought up to the Secretary for approval. Different procuring entities have different levels of delegated authority, but the principle is essentially the same – the higher the contract amount, the higher is the level of the approving authority. In cases like this, the contract is considered approved upon the approval of such higher authority. The existence of this policy is the usual cause of delays in procurement transactions.

Section 37.3 of the revised IRR of RA 9184 is designed to remove this cause for delay. This provision mandates that if further approval of a higher authority within or outside the procuring entity (other than the President of the Philippines) is required, and that authority does not take any action on the contract within the prescribed period, the contract concerned is deemed approved.

Only contracts that are duly signed by the appropriate signatory, but require further approval, are covered by this rule, because an unsigned contract is a mere piece of paper and cannot be the basis of a government liability. Refer to the most recent delegation of authorities AO 2006-0034 (Reference A)

# 3.8 RULES GOVERNING THE REVIEW AND APPROVAL OF GOVERNMENT CONTRACTS

E.O. 423, s. 2005, as amended by E.O. 645, s. 2007 prescribes the rules and regulations on the review and approval of government contracts. Essentially, E.O. 423, as amended, provides that, except for government contracts required by law to be acted upon and/or approved by the President, the HOPE shall have full authority to give final approval and/or enter into all government contracts of his respective government agency, awarded through public bidding, regardless of amount. Provided, that the HOPE certifies under oath that the contract has been entered into in faithful compliance with all applicable laws and regulations. HOPE may also delegate in writing this full authority to give final approval and/or enter into government contracts awarded through public bidding as circumstances may warrant (i.e. to decentralization of procurement in a government agency), subject to such limitations as he may impose. For procurement undertaken through any of the alternative methods allowed by law, where the government contract involves an amount less than Five Hundred Million Pesos (₽500,000,000.00), except where action or approval of the President is required, the HOPE shall have full authority to give final approval and/or enter into such contract, provided that the Department Secretary concerned certifies under oath that the contract has been entered into in faithful compliance with all applicable laws and regulations. S/he may delegate in writing this authority, as circumstances may warrant (i.e. to decentralize procurement), subject to such limitations as he may impose.

Where the HOPE has made a determination that a Government contract, including Government contracts required by law to be acted upon and/or approved by the President, involving an amount of at least Five Hundred Million Pesos (P500,000,000.00), falls under any of the exceptions from public bidding allowed by law, the HOPE shall, before proceeding with the alternative methods of procurement provided by law and applicable rules and regulations, obtain the approval from the GPPB that said Government contract falls within the exceptions from public bidding and the proposed alternative method of procurement is the appropriate mode of procurement.

Except for Government contracts required by law to be acted upon and/or approved by the President, the HOPE, after obtaining the foregoing requirements, shall have full contracts of their his respective agency, entered into through alternative methods of procurement allowed by law. Provided, that the HOPE certifies under oath that the contract has been entered into in faithful compliance with all applicable laws and regulations.

#### 4. PROCEDURE

#### 4.1 SIGNING AND APPROVAL OF CONTRACT

The winning bidder submits all the documentary requirements, including the performance security, and signs the contract.

The procurement unit/office transmits the contract and its attachments to the Budget Office (for issuance of OS) and the Chief Accountant (for issuance of the CAF).

The procurement unit/office transmits the contract documents to the appropriate signing authority for signature, together with the following documents:

- a) Duly approved program of work and cost estimates;
- **b)** CAF:
- **c)** Abstract of Bids as Calculated;

- **d)** Resolution of the BAC or duly designated procurement office recommending Award:
- e) Approval of award by appropriate government approving authority; and
- **f)** Other pertinent documents that may be required by existing laws and/or the Procuring Entity concerned.

After signing, if the contract needs the approval of a higher authority – such as, for bureaus, the Department Secretary, when required – the procurement unit/office transmits the contract and related documents to the approving authority or his authorized representative for approval (Reference A).

In most Procuring Entities, particularly the bureaus or lower-level offices of national government agencies or centrally managed GOCCs or GFIs, the contract signatory is a different official from the approving authority. For example, a bureau/service director and cluster head may only be authorized to approve contracts up to P5M and P100M respectively, contracts exceeding the said amount are brought up to the Secretary for approval. Different Procuring Entities have different levels of delegated authority, but the principle is essentially the same – the higher the contract amount, the higher is the level of the approving authority. In cases like this, the contract is usually deemed effective upon approval of such higher authority. The existence of this policy is the usual cause of delays in procurement transactions.

Section 38 of R.A. 9184 and the revised IRR are designed to remove this cause for delay. These provisions mandate that if further approval of a higher authority (other than the President of the Philippines) is required, and that authority does not take any action on the contract within the prescribed period, the contract concerned is deemed approved.

Only contracts that are duly signed by the appropriate signatory are covered by this rule. An unsigned contract is a mere piece of paper and cannot be the basis of a government liability.

The approving authority or his authorized representative acts on the contract within twenty (20) calendar days, or thirty (30) calendar days for GOCCs and GFIs, from receipt thereof.

If higher approval is required (e.g., approval of the Office of the President), or a review by another government body is necessary (e.g., NEDA or DOJ review), the HOPE transmits the contract documents to the appropriate approving authority or reviewing body. The periods indicated above for approval of contracts still applies, except if the approving authority is the Office of the President.

The HOPE or his/her duly authorized representative issues the NTP within three (3) calendar days from the date of the approval of the contract.

#### 4.2 Posting of Performance Security

The following steps are followed in the posting of the performance security:

The bidder with the LCRB/SCRB posts a performance security. In so doing, it must comply with the following conditions:

- a) The performance security must be executed in the form and amount prescribed by the Procuring Entity in the ITB; and
- b) The following provisions shall form part of the performance security: "The right to institute action on the penal bond pursuant to Act No. 3688 of any individual firm, partnership, corporation and association supplying the contractor with labor and materials for the prosecution of the work is hereby acknowledged and confirmed."

The Procurement Unit/Office accepts the performance security and indicates such posting and acceptance by attaching the appropriate form to the contract.

#### STEP 9. ISSUE NOTICE TO PROCEED

#### 1. LEGAL REFERENCE

Section 37.4 is the legal basis for the issuance of the NTP and its subsequent posting.

#### PURPOSE

NTP is procurement document which signify that the procuring entity and the awarded bidder have already undergone contract signing and the latter shall now be obliged to perform its obligation based upon the terms and conditions of the contract.

#### 3. PROCEDURE OF ISSUANCE OF THE NTP

#### 3.1 ISSUANCE OF THE NTP

The NTP shall be issued together with a copy or copies of the approved contract to the successful bidder within **three (3) calendar days** from the date of approval of the contract by the appropriate government approving authority (Section 37.4.1 of the revised IRR).

The contract effectivity date shall be provided in NTP by the procuring entity, which shall not be later than seven (7) calendar days from its issuance.

#### 3.2 PARTICIPANTS IN THE ISSUANCE OF THE NTP

The following parties are involved in the issuance of the NTP:

- a) Procurement Unit/Office/End-User Unit;
- b) HOPE, or its duly authorized representative, and/or higher contract approving authority if so warranted; and
- **c)** Winning bidder.

#### 3.3 POSTING OF NTP

#### 3.3.1 When NTP is posted

According to the revised IRR of RA 9184, the procuring entity, through the BAC Secretariat, shall post a copy of the procuring entity, if any, within *fifteen (15) calendar days* from the issuance of the NTP.

#### 3.3.2 Where NTP is posted

For transparency purposes and to inform the public of the status of the various procurement projects, the NTP shall be posted in either of the following:

- a) PhilGEPS website; or
- b) Procuring Entity's website, if available.

### **RESERVATION CLAUSE**

#### 1. LEGAL REFERENCE

Section 41 of the revised IRR is the legal basis for the Reservation Clause.

#### 2. RULES AND GUIDELINES

# 2.1 RIGHT TO REJECT BIDS, DECLARE A FAILURE OF BIDDING, OR NOT TO AWARD THE CONTRACT

The Procuring Entity reserves the right to reject any and all bids, declare a failure of bidding, or not award the contract in any of the following situations:

- a) If there is prima facie evidence of collusion between appropriate public officers or employees of the Procuring Entity, or between the BAC and any of the bidders, or between or among the bidders themselves, or between a bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;
- b) If the BAC is found to have failed in following the prescribed bidding procedures, for which the applicable sanctions shall be applied to the erring officers; or
- c) For any justifiable and reasonable ground where the award of the contract will not contribute to the benefit of the Government as follows:
  - *i.* If the physical and economic conditions have significantly changed so as to render the project no longer economically, financially or technically feasible as determined by the HOPE;
  - ii. If the project is no longer necessary as determined by the HOPE;and
  - *iii.* If the source of funds for the project has been cancelled, withheld or reduced through no fault of the Procuring Entity.

#### 2.2 INSTANCES OF NOT FOLLOWING PRESCRIBED PROCEDURES

The following are some instances when a BAC fails to follow procedures:

- Prescribing an insufficient number of days in the advertisement and/or posting of the IB;
- Exceeding the required periods for eligibility screening, bid evaluation, post-qualification for each lowest calculated bidder or for awarding the contract without justifiable cause;
- c) Conducting the pre-bid conference or issuing the bidding documents in less than the required number of days before deadline for the submission and opening of bids;
- **d)** Requiring the bidder to submit additional documents which is tantamount to improving his bidding documents; and
- **e)** Allowing a bidder to be declared eligible or pass the post-qualification with incomplete documents.

# TWO STAGE COMPETITIVE BIDDING

#### STATUTORY PROVISION

#### 1. LEGAL REFERENCE

RULE IX, Section 30.1 of the revised IRR is the legal basis for the conduct of the Two-Stage Competitive Bidding.

#### 2. RULES AND GUIDELINES

#### 2.1 Applicability

Not in all instances is the single stage competitive bidding use in the procurement of goods. Sometimes it is most productive and efficient to employ the two stage competitive bidding. Under the revised IRR of RA 9184, two stage competitive bidding is resorted to in the following conditions:

- a) Nature of the requirements of the project,
- **b)** Required technical specifications/requirements of the contract cannot be precisely defined in advance of bidding, or
- **c)** Problem of technically unequal bids is likely to occur, a two (2)-stage bidding procedure may be employed.

#### 2.2 Procedure

The initial stage of preparation of the IB and preparation of bidding documents, advertisement and posting of IB in the manner prescribed by law, issuance of the bidding documents, the conduct of pre-procurement conference, and conduct of the pre-bid conference shall follow the provisions of RA 9184 and the revised IRR particularly Sections 17, 20, 21, and 22 of the revised IRR.

However, in two-stage competitive bidding, the procuring entity shall prepare the Bidding Documents, including the technical specification in the form of performance criteria only. Under this procedure, prospective bidders shall be requested at the first stage to submit their respective eligibility requirements if needed, and initial technical proposals only (no price tenders).

The concerned BAC shall then evaluate the technical merits of the proposals received from eligible bidders vis-à-vis the required performance standards.

A meeting/discussion shall then be held by the BAC with those eligible bidders whose technical tenders meet the minimum required standards stipulated in the Bidding Documents for purposes of drawing up the final revised technical specifications/requirements of the contract.

Once the final revised technical specifications are completed and duly approved by the concerned BAC, copies of the same shall be issued to all the bidders identified in the first stage who shall then be required to submit their revised technical tenders, including their price proposals in two (2) separate sealed envelopes in accordance with the revised IRR, at a specified deadline, after which time no more bids shall be received.

The concerned BAC shall then proceed in accordance with the procedure prescribed in Section 30.3 of the revised IRR. For the procurement of consulting services, the detailed implementation

## **SECTION 5**

# PROCUREMENT OF GOODS USING ALTERNATIVE METHOD OF PROCUREMENT

# ALTERNATIVE METHOD FOR PROCUREMENT OF GOODS

#### 1. LEGAL REFERENCE

Rule XVI of the revised IRR is the legal basis when the procuring entity may resort to alternative method of procurement for goods/services.

#### 2. RULES AND GUIDELINES

#### 2.1 GENERAL GUIDELINES

Generally, procurement should be through competitive bidding. In preparing the APP, the Procuring Entity must ensure that there is sufficient time to undertake competitive bidding. However, the law allows the use of alternative methods of procurement in some exceptional instances, provided:

- a) There is prior approval of the HOPE on the use of alternative methods of procurement, as recommended by the BAC; and
- **b)** The conditions required by law for the use of alternative methods are present.

In resorting to any of the alternative methods of procurement, the Procuring Entity must ensure that the method chosen promotes economy and efficiency, and that the most advantageous price for the government is obtained.<sup>1</sup>

For the procurement of goods, the following alternative methods of procurement may be resorted to:

- a) Limited Source Bidding
- **b)** Direct Contracting

<sup>&</sup>lt;sup>1</sup> For FAPs, different rules of procedures apply for procurement of commodities, because the market prices of commodities – such as grain, animal feed, cooking oil, fuel, fertilizer and metals – fluctuate depending upon the demand and supply at any particular time. Many are quoted in established commodity markets.

- c) Repeat Order
- d) Shopping
- e) Negotiated Procurement

#### 2.1.1 When to use alternative method of procurement

According to Section 48.2 of the revised IRR, alternative methods shall only be resorted to in exceptional cases provided under the revised IRR. It is important to note that the use of alternative method shall be used cautiously and always within the conditions enumerated under the revised IRR.

Since no procurement shall be undertaken unless included in the APP. It is imperative that the method of procurement to be used shall be indicated in the approved APP. If the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, the BAC, through a resolution, shall justify and recommend the change in the mode of procurement to be approved by the HOPE. (Section 48.3 of the revised IRR)

#### 2.2 NO SPLITTING OF THE CONTRACT RULE

Splitting of Government Contracts is prohibited. Section 54.1 of the revised IRR defined splitting of government contracts as the division or breaking up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or sub-contracts for the purpose of evading or circumventing the requirements of law and the revised IRR, especially the necessity of public bidding and the requirements for the alternative methods of procurement. For instance, when two or more identical items are to be procured by different units within the procuring entity, it must be consolidated and recommended for bidding, if conditions warrants. This will avoid occurrence of the splitting of government contracts.

#### 2.3 ADVERTISEMENT AND/OR POSTING

Advertisement and/or posting of Invitation or Request for Quotation may be dispensed with, except in the following cases were the seven (7)-day period of

posting in the PhilGEPS, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose is required:

- a) Shopping under Sections 52.1 (b) of the revised IRR, except those with an ABC amounting to Fifty Thousand Pesos (P 50,000.00) and below;
- Negotiated Procurement under Sections 53.1 of the revised IRR (two-failed biddings);
- c) Negotiated Procurement under 53.9 of the revised IRR (Small value procurement), except those with an ABC amounting to Fifty Thousand Pesos (P50,000.00) and below; and
- **d)** Negotiated Procurement under Section 53.10 of the revised IRR (Lease of Real Property and Venue), except those with an ABC amounting to Fifty Thousand Pesos (P50, 000.00) and below.

However, once procurement through alternative method is completed. It is the responsibility of the BAC Secretariat, for information purposes, to post the NOA in the PhilGEPS, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premise of the procuring entity.

## LIMITED SOURCE BIDDING

#### 1. LEGAL REFERENCE

Limited Source Bidding, otherwise known as selective bidding, is a method of procurement of goods and consulting services that involves direct invitation to bid by the procuring entity from the list of pre-selected suppliers or consultants with known experience and proven capability on the requirements of the particular contract.

#### 2. RULES AND GUIDELINES

#### 2.1 WHEN TO USE

Limited Source Bidding may be employed by a Procuring Entity under any of the following conditions:

- a) Procurement of highly specialized types of goods (e.g., sophisticated defense equipment, complex air navigation systems, coal) and consulting services where only a few suppliers or consultants are known to be available, such that resorting to the public bidding method will not likely result in any additional suppliers or consultants participating in the bidding; or
- b) Procurement of major plant components where it is deemed advantageous to limit the bidding to known qualified bidders in order to maintain uniform quality and performance of the plant as a whole.

#### 2.2 WHO ARE INVITED TO BID

In choosing the Bidders, the procuring entity shall consider only those suppliers or consultants appearing in a list maintained by the relevant government authority that has expertise in the type of procurement concerned. This list should have been submitted to, maintained and updated with the GPPB and posted in the PhilGEPS.

Examples of relevant government authorities are the National Telecommunications Commission for telecommunications equipment, the Firearms and Explosives

Division of the PNP for firearms and ammunition, and the Food and Drugs Administration for drugs.

The pre-selection shall be based upon the capability and resources of the bidders to perform the contract taking into account their experience and past performance on similar contracts, capabilities with respect to personnel equipment or manufacturing facilities, and financial position. Pre-selection shall be done in accordance with the procedures provided in the Generic Procurement Manuals. (Section 49.3 of the revised IRR)

#### 2.3 PARTICIPANTS

The following are involved in the conduct of limited source bidding for the procurement of goods:

- a) HOPE;
- **b)** BAC;
- **c)** TWG;
- d) BAC Secretariat;
- e) Invited suppliers; and
- f) Observers.

#### 2.4 PERFORMANCE SECURITY

Although submission of the bid security in limited source bidding may be dispense with (**Section 54.4 of the revised IRR**), performance security is required and should be posted in accordance with the procedures for competitive bidding.

#### PROCEDURE

The following steps are followed in conducting limited source bidding:

a) The method of procurement to be used shall be as indicated in the approved APP. If the original mode of procurement recommended in the APP was Public Bidding, the BAC recommends the change in the mode of procurement from Public Bidding to Limited Source Bidding through a Resolution to be approved by the HOPE.

- b) The BAC Secretariat prepares the bidding documents, including the IB (indicating therein the method of procurement to be used) and the technical specifications, in accordance with the procedures laid down in the revised IRR, this Manual and the PBDs.
- c) If a pre-procurement conference is required or deemed necessary as previously discussed in this Manual, the BAC holds the said conference. If a pre- procurement conference is held, the participants should confirm the existence of the conditions required by law for procurement through Limited Source Bidding.
- **d)** The BAC through its Secretariat shall directly invite all the suppliers appearing in the pre-selected list.
- e) The BAC proceeds with the pre-bid conference (if deemed warranted under the circumstances), eligibility check, bid evaluation, post-qualification and succeeding activities up to contract award, signing and approval, following the procedures for Competitive Bidding. Hence, all other procedures for competitive bidding shall be undertaken, except for the advertisement/posting of IB under the revised IRR of R.A. 9184.
- f) The BAC, through the Secretariat, posts for information purposes the award in:
  - i. PhilGEPS:
  - ii. Website of the Procuring Entity, if any; and
  - iii. Any conspicuous place in the premises of the Procuring Entity.

## DIRECT CONTRACTING

#### 1. LEGAL REFERENCE

**DIRECT CONTRACTING or SINGLE SOURCE PROCUREMENT** is a method of procurement of Goods that does not require elaborate bidding documents. The supplier is simply asked to submit a price quotation or a pro-forma invoice together with the conditions of sale. The offer may be accepted immediately or after some negotiations. (**Section 50 of the revised IRR**)

#### 2. RULES AND GUIDELINES

#### 2.1 APPLICABILITY (WHEN TO USE)

Direct Contracting may be resorted to by a procuring entity under any of the following conditions:

a) Procurement of goods of proprietary nature which can be obtained only from the proprietary source, i.e. when patents, trade secrets, and copyrights prohibit others from manufacturing the same item;

This is applicable when the goods or services being procured are covered by a patent, trade secret or copyright duly acquired under the law. Under the Intellectual Property Code of the Philippines (R.A. No. 8293), the registered owner of a patent, a copyright or any other form of intellectual property has exclusive rights over the product, design or process covered by such patent, copyright or registration. Such exclusive right includes the right to use, manufacture, sell, or otherwise to derive economic benefit from the item, design or process.

When the procurement of critical components from a specific supplier is a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions of its contract (as amended by GPPB Resolution No. 11-2009); or

This is applicable when there is a contract for an infrastructure project consisting of the construction/repair/renovation and critical components are prescribed by the contractor for it to guarantee its contract performance.

For example, in the construction of a power generation plant, the contractor may require the use of certain components manufactured by a specific manufacturer, whose products have been found to meet certain standards and are compatible with the technology used by the contractor. In this instance, Direct Contracting may be resorted to in the procurement of such critical components. However, the BAC must require technical proof that such critical components are the ONLY products compatible with the power generation plant.

c) Those sold by an exclusive dealer or manufacturer which does not have sub-dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the GOP.

This condition anticipates a situation where the goods are sold by an exclusive dealer or distributor, or directly sold by the manufacturer. In this instance, it is highly unlikely that sub-dealers can sell the same at lower prices. Further, the procuring entity has not identified a suitable substitute for the product that can be procured at terms more advantageous to the government.

#### 2.2 JUSTIFICATION

To justify the need to procure through the Direct Contracting method, the BAC should conduct a survey of the industry and determine the supply source. This survey should confirm the exclusivity of the goods to be procured. In all cases where Direct Contracting is contemplated, the survey must be conducted prior to the commencement of the procurement process. Moreover, the procuring entity must justify the necessity for an item that may only be procured through Direct Contracting, and it must be able to prove that there is no substitute in the market that is suitable for its purposes and that can be obtained at more advantageous terms.

#### 2.3 PARTICIPANTS

The following are involved in the conduct of direct contracting:

- a) HOPE;
- b) BAC;

- c) TWG;
- d) BAC Secretariat/ Procurement Unit; and
- e) Supplier/manufacturer.

#### 2.4 PERFORMANCE SECURITY

Performance security must be posted.

#### 3. PROCEDURE

The following steps are undertaken in conducting Direct Contracting:

- a) The method of procurement to be used shall be as indicated in the approved APP. If the original mode of procurement recommended in the APP was Public Bidding but cannot be ultimately pursued, the BAC, through a resolution shall justify and recommend the change in the mode of procurement to be approved by the HOPE.
- **b)** The BAC, through the TWG and the BAC Secretariat, prepares the Request for Quotation, technical specifications and draft contract in accordance with the procedures laid down in this Manual, in the revised IRR and in the PBDs.
- **c)** The BAC, through the Secretariat, identifies the supplier from whom the goods will be procured.
- d) If a pre-procurement conference is required or deemed necessary, as previously discussed in this Manual, the BAC holds such a conference. If a pre-procurement conference is held, the participants should confirm the existence of the conditions required by law for procurement through Direct Contracting.
- **e)** The BAC sends the Request for Quotation to the selected supplier. If necessary, negotiations are conducted to ensure that the Government is able to procure the goods at the most advantageous terms.
- f) The BAC proceeds with contract signing and approval.

- *g)* The BAC, through the Secretariat, posts for information purposes the award in:
  - i. PhilGEPS;
  - ii. Website of the Procuring Entity, if any; and
  - iii. Any conspicuous place in the premises of the Procuring Entity.

### REPEAT ORDER

#### 1. LEGAL REFERENCE

Section 51 of the revised IRR is the legal basis in procuring goods/services through Repeat Order.

#### 2. RULES AND GUIDELINES

#### 2.1 REPEAT ORDER DEFINED

Repeat Order, when provided for in the APP, is a method of procurement of goods from the previous winning bidder, whenever there is a need to replenish goods procured under a contract previously awarded through Competitive Bidding.

#### 2.2 CONDITIONS

Repeat orders shall likewise be subject to the following conditions:

- a) Unit prices of the repeat order must be the same as or lower than those in the original contract, provided that such prices are still the most advantageous to the GOP after price verification;
- b) The repeat order will not result in splitting of contracts, requisitions, or purchase orders, as provided for in Section 54.1 of the revised IRR;
- c) Except in cases duly approved by the GPPB, the repeat order shall be availed of only within six (6) months from the contract effectivity date stated in the NTP arising from the original contract; and
- d) The repeat order shall not exceed twenty-five percent (25%) of the quantity of each item in the original contract.

#### 2.3 PERFORMANCE SECURITY

Performance security shall be posted.

#### 3. PROCEDURE

In order to procure through the Repeat order method, the following steps ought to be followed:

- a) The method of procurement to be used shall be as indicated in the approved APP. If the original mode of procurement recommended in the APP was Public Bidding but cannot be ultimately pursued, the BAC, through a resolution shall justify and recommend the change in the mode of procurement to be approved by the HOPE.
- b) The PMO or end-user unit requests for the procurement of additional units of goods previously procured. If the requirement is twenty-five percent (25%) or less than the original quantity, it indicates/recommends the use of Repeat Order as a mode of procurement.
- c) The BAC, through the BAC Secretariat, conducts a canvass of the prevailing market price of the goods to be procured and compares this with the price of the goods in the original contract.
- **d)** The BAC confirms the price with the supplier that won the previous public bidding.
- e) If a pre-procurement conference is required or deemed necessary as previously discussed in this Manual and in the revised IRR, the BAC holds the said conference. If such pre-procurement conference is held, the following must be done:
  - i. The TWG reviews the specifications;
  - **ii.** The end-user unit or PMO confirms the additional requirement as to necessity and corresponding quantity;
  - **iii.** The participants confirm if the price and terms in the original contract is most advantageous to the government; and
  - **iv.** The BAC determines the existence of the conditions required for procurement through Repeat Order.

- The BAC recommends the conduct of a Repeat Order through a Resolution to be approved by the Head of the Procuring Entity.
- The BAC Secretariat amends the APP to include the recommendation to the Head of the Procuring Entity on the use of Repeat Order as a method of procurement.
- **h)** The HOPE approves the recommendation and the amended APP.
- i) The BAC, through the Secretariat, confirms the Repeat Order with the previous supplier, and proceeds with the preparation of the Supplemental Contract or Purchase Order, using the Technical Specifications in the Bidding Documents used in the previous Bidding.
- j) The BAC proceeds with contract signing, and contract implementation.
- **k)** The BAC, through the Secretariat, posts for information purposes the award in:
  - a) PhilGEPS;
  - b) Website of the Procuring Entity, if any; and
  - c) Any conspicuous place in the premises of the Procuring Entity.

## **SHOPPING**

#### 1. LEGAL REFERENCE

Section 52 of the revised IRR provides for the legal basis for the procurement of goods through the alternative method of shopping.

#### 2. RULES AND GUIDELINES

#### 2.1 SHOPPING DEFINED

**SHOPPING** is a method of procurement of goods whereby the procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/regular equipment to be procured directly from suppliers of known qualifications. (Section 52 of the revised IRR)

Inherent in this definition are the following requisites:

- The goods to be procured are readily available off-the-shelf items or ordinary/regular equipment; and
- b) The suppliers from whom the goods are procured are of "known qualifications."

With respect to the procurement of ordinary/regular supplies/equipment not available in the PhilGEPS, the suppliers from whom goods are procured should be in good standing, and have not committed any breach of contract (e.g., short deliveries, unreasonable delays in delivery of goods, delivery of defective goods, or similar acts) in previous transactions with the Procuring Entity or other government entity. It is the responsibility of the Procuring Entity, through the procurement office, to monitor contract implementation as well as constantly coordinate with the GPPB-TSO for updates on blacklisted suppliers.

#### 2.2 CONDITIONS TO RESORT TO SHOPPING

Shopping shall be employed only in any of the following cases:

- a) When there is an unforseen contingency requiring immediate purchase: Provided, however, that the amount shall not exceed the thresholds prescribed in Annex "H" of the revised IRR, which is One Hundred Thousand Pesos (Php 100,000.00).
- b) Procurement of ordinary or regular office supplies and equipment not available in the Procurement Service involving an amount not exceeding the thresholds prescribed in Annex "H" of the revised IRR, which is Five Hundred Thousand Pesos (Php 500,000.00) (Section 52.b of the revised IRR)

The contract ceiling for procurement through Shopping is subject to periodic review by the GPPB, and may be increased or decreased to reflect changes in economic conditions or for other justifiable reasons. (Section 52 of the revised IRR)

#### 2.3 PARTICIPANTS

The following are involved in the conduct of procurement through the Shopping method:

- a) HOPE;
- **b)** BAC:
- c) BAC Secretariat;
- **d**) End-user; and
- e) Supplier/s.

#### 2.4 PLANNING FOR CONTINGENT PURCHASES

Section 7.1 of the revised IRR requires all procurement to be in accordance with the APP, and all procuring entities are not allowed to procure anything unless it is included in the APP. The requirement extends to those immediate purchases of readily available off-the-shelf goods and to contingencies. These purchases include those charged against cash advances, or the so-called "over-the-counter" purchases. Procuring entities are not allowed to procure anything unless it is included in the APP.

Contingencies must therefore be provided for in the APP based on historical data. (Section 7.3 of the revised IRR) This can be done by allocating for such purchases a percentage of the total procurement budget as reflected in the procuring entity's APP. However, it would be advisable for this allocation not to be more than four percent (4%) of the total appropriations for Maintenance and Other Operating Expenses as provided for in the GAA.

To enable it to plan its purchases more efficiently, and consequently approximate realistic levels for the amount that it would need for its contingency purchases or its small purchases of ordinary/regular office supplies/equipment, the procuring entity must conduct a regular study of its "over-the-Counter Purchases". Based on this study, the procuring entity would be able to identify recurring expenses that could more reasonably be included in the APP, and thus determine a more realistic allocation for contingencies.

# 2.5 PROCUREMENT OF ORDINARY AND REGULAR OFFICE SUPPLIERS THROUGH SHOPPING

The procurement of ordinary and regular office supplies through Shopping shall be subject to the following rules:

- a) Ordinary or regular office supplies shall include those supplies, commodities or materials which, depending on the procuring entity's mandate and nature of operations, are necessary in the transaction of its official businesses; and consumed in the day-to-day operations of said procuring entity. However, office supplies shall not include services such as repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services (Section 52.2 of the revised IRR).
- b) The amount of goods to be procured should not exceed Five Hundred Thousand Pesos (P500,000.00);
- c) The supplies or equipment must not be available in the Procurement Service;

- d) The decision to resort to Shopping shall be reflected in the Annual Procurement Plan and must take into consideration the annual procurement requirements of the item to be procured and other market factors, such as fluctuations in prices.
- **e)** Splitting of contracts is strictly prohibited.
- The Procuring Entity must obtain at least three (3) price quotations from bona fide suppliers; and
- The award of contract must be posted, for information purposes, at the PhilGEPS website and of the Procuring Entity's website, if any and in conspicuous place within the Procuring Entities premises, except for those contracts with an ABC equal to Fifty thousand Pesos (P 50,000.00) and below.

Considering the small value of procurement through Shopping, the BAC, after the decision to resort to Shopping has been made, is authorize to delegate the conduct thereof to the appropriate bureau, committee or support unit of the procuring entity (See Reference A for Delegation of Authority), provided the aggregate amount of such procurement transactions still falls within the amount allowed for contingencies in the APP. If the aggregate amount of these transactions exceeds the amount provided for in the APP, it could indicate either of two things:

- a) The APP does not reflect a realistic percentage of contingent procurements, requiring a more thorough study of past procurement data; or
- **b)** There is a tendency to purchase indiscriminately, possibly to avoid competitive bidding.

In either case, the Procuring Entity should step in and ensure that proper measures are carried out to correct the situation.

Another alternative would be for the BAC to include in the APP a general recommendation for Shopping as an alternative method to be employed in case of

an occurrence of a contingency, so that the approval of the APP by the HOPE would necessarily cover an approval of such recommendation; provided, of course, that the limits indicated for contingencies are not exceeded.

#### 2.6 Approving authorities for Shopping

Considering the small value of procurement through Shopping, the HOPE is encouraged to delegate the function of approving such requests to lower level officials, provided the aggregate amount of such procurement transactions still falls within the amount allowed for contingencies in the APP. If the aggregate amount of these transactions exceeds the amount provided for in the APP, it could indicate either of two things:

- The APP does not reflect a realistic percentage of contingent procurements, requiring a more thorough study of past procurement data; or
- b) There is a tendency to purchase indiscriminately, possibly to avoid competitive bidding.

In either case, the head of the procuring entity should step in and ensure that proper measures are carried out to correct the situation.

Another alternative would be for the BAC to include in the APP a general recommendation for Shopping as an alternative method to be employed in case of an occurrence of a contingency, so that the approval of the APP by the HOPE would necessarily cover an approval of such recommendation; provided, of course, that the limits indicated for contingencies are not exceeded.

#### 2.7 Performance Security

Considering the low contract value and the nature of the goods procured, it may be impractical to require suppliers to provide performance securities, since the urgency of the requirements precludes a prolonged procurement period. Moreover, since the goods procured are readily available and can be delivered immediately or within a short period of time, there may be no need for a Performance Security (Section 54.5 of the revised IRR).

#### 3. PROCEDURE

The following steps need to be followed in procuring through the Shopping method:

- APP. In other words, there has to be an allocation for items or contingencies wherein procurement through Shopping has been identified. Otherwise, the APP would have to be amended or updated in accordance with Section 7 of the revised IRR. If the original mode of procurement recommended in the APP was Public Bidding but cannot be ultimately pursued, the BAC, through a resolution shall justify and recommend the change in the mode of procurement to be approved by the HOPE.
- b) The Request for Quotations, indicating the specification, quantity, ABC and other terms and conditions of the item to be procured, shall be prepared.
- c) The RFQ must also prescribe the manner by which price quotations shall be submitted, i.e., by sealed or open quotation, and the deadline for their submission. In all instances, however, information relating to the examination, evaluation and comparison of price quotations shall be kept confidential and should not be disclosed to any other party except to those officially concerned until award of contract.
- d) The RFQ shall be sent to at least three (3) suppliers of known qualifications. However, during unforeseen contingencies requiring immediate purchase under Section 52.1 (a) of the revised IRR of R.A. 9184, the RFQ may be sent to only one supplier.
- e) For information purposes, the BAC, through the BAC Secretariat shall post the RFQ for seven (7) calendar days the notice of procurement through Shopping in the following:
  - i. PhilGEPS;
  - ii. Website of the Procuring Entity, if available; and
  - *iii.* Any conspicuous place in the premises of the Procuring Entity.

However, in the following instances, the posting requirement of the RFQ shall not be applicable:

- 1) When there is an unforeseen contingency requiring immediate purchase under Section 52.1 (a) of the revised IRR of R.A. 9184; or
- 2) RFQs with ABCs equal to Fifty Thousand Pesos (P 50,000.00) and below.
- f) In case an immediate purchase is needed, brought about by an unforeseen contingency, the same may be undertaken directly with a supplier and charged against cash advances.
- g) The suppliers submit the Price Quotations on the date and time set by the BAC or the duly authorized procurement bureau, committee or support unit.
- h) After the deadline for the submission of price quotations, an Abstract of Quotations shall be prepared setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest quotation.
- i) For Shopping under Section 52.1 (b), at least three (3) price quotations must be obtained. In cases where on the deadline for submission of the RFQs, none or less than the required number of quotations is received, the deadline for the submission of RFQs may be extended. Extensions of deadline shall be posted for seven (7) calendar days in the following:
  - 1. PhilGEPS
  - 2. Website of the Procuring Entity, if available; and
  - **3.** Any conspicuous place in the premises of the Procuring Entity.
- j) Award of contract shall be made to the lowest quotation which complies with the specifications and other terms and conditions stated in the RFQ.
- **k)** For information purposes, all awards shall be posted in the PhilGEPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity except for those with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.

- The procuring entity must validate whether it is entering into a contract with a technically, legally and financially capable supplier, contractor or consultant by requiring the submission of relevant documents or through other means.
- m) Performance and warranty securities, as prescribed in Sections 39 and 62 of the revised IRR, are no longer required (Section 54.5 of the revised IRR).

#### 4. THRESHOLD

According to Annex H of the revised IRR, there has been an increase in the threshold wherein a procuring entity for Shopping Section 52.1 a may procure for the amount not to exceed One Hundred Thousand Pesos (P. 100,000.00) from the previous Fifty Thousand Pesos (P50, 000.00). For Shopping Section 52.1 b, the threshold is increased to Five Hundred Thousand Pesos (P 500,000.00) from Two Hundred Fifty Thousand Pesos (P 250,000.00).

## **NEGOTIATED PROCUREMENT**

#### 1. LEGAL REFERENCE

Section 53 of the revised IRR is the legal basis for purchases based on negotiated procurement.

#### 2. RULES AND GUIDELINES

#### 2.1 NEGOTIATED PROCUREMENT DEFINED

**NEGOTIATED PROCUREMENT** is a method of <u>procurement of goods</u>, <u>infrastructure projects and consulting services</u>, whereby the procuring entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant. (**Section 53 of the revised IRR**)

#### 2.2 APPLICABILITY (WHEN TO USE)

Negotiated procurement must be resorted to only if:

#### 2.2.1 Two – Failed Biddings

Where there has been failure of public bidding for the second time as provided in Section 35 of the Act and the revised IRR;

#### 2.2.2 Emergency Cases

In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities. In the case of infrastructure projects, the procuring entity has the option to undertake the project through negotiated procurement or by administration or, in high security risk areas, through the AFP.

#### 2.2.3 Take-Over of Contracts

Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities;

#### 2.2.4 Agency-to-Agency

Procurement of infrastructure projects, consulting services, and goods from another agency of the GOP, such as the PS-DBM, which is tasked with a centralized procurement of Common-Use Supplies for the GOP in accordance with Letters of Instruction No. 755 and Executive Order No. 359, series of 1989;

#### 2.2.5 Procurement Agent

In order to hasten project implementation, Procuring Entities which may not have the proficiency or capability to undertake a particular procurement, as determined by the Head of the Procuring Entity concerned, may request other GOP agencies to undertake such procurement for them, or at their option, recruit and hire consultants or procurement agents to assist them directly and/or train their staff in the management of the procurement function. The GPPB shall issue guidelines to implement this provision;

#### 2.2.6 Small Value Procurement

Where the procurement does not fall under Shopping in Section 52 of the revised IRR and the amount involved does not exceed the thresholds prescribed in Annex "H" of the revised IRR:

a) The procuring entity shall draw up a list of at least three (3) suppliers, contractors, or consultants of known qualifications which will be invited to submit proposals, in the case of goods and infrastructure projects, or curriculum vitae, in the case of consulting services;

- b) The thresholds prescribed in Annex "H" of the revised IRR shall be subject to the periodic review by the GPPB. For this purpose, the GPPB shall be authorized to increase or decrease the said amount in order to reflect the changes in economic conditions and for other justifiable reasons; and
- c) According to Annex H of the revised IRR, there has been an increase in the threshold of the procuring entity for Small Value Procurement under Section 53.9, the threshold is increased to Five Hundred Thousand Pesos (P500,000.00) from Fifty Thousand Pesos (P50, 000.00).

#### 2.2.7 Lease of Real Property

Lease of privately-owned real property and venue for official use, subject to guidelines to be issued by the GPPB;

#### 2.2.8 NGO Participation

When an appropriation law or ordinance earmarks an amount to be specifically contracted out to Non-Governmental Organizations, the procuring entity may enter into a Memorandum of Agreement with an NGO, subject to guidelines to be issued by the GPPB;

#### 2.2.9 Community Participation

Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected project components to call for participation of local communities in the delivery of services, the procuring entity shall propose the procedures, specifications, and contract packaging which are subject to the approval of the GPPB; and

#### 2.2.10 United Nations Agencies

Procurement from specialized agencies of the United Nations on any of the following: (a) small quantities of off-the-shelf goods, primarily in the fields of education and health; and (b) specialized products where the number of suppliers is limited, such as vaccines or drugs.

#### 2.3 PARTICIPANTS

The following must participate in the undertaking of negotiated procurement:

- a) HOPE;
- b) BAC;
- c) TWG;
- **d)** BAC Secretariat;
- e) End-user unit or PMO
- f) Observer; and
- **g)** Accredited or Registered Contractors/Supplier.

#### 2.4 PERFORMANCE SECURITY

Performance security is generally required for negotiated procurement, except in the following cases:

- a) Emergency Cases;
- b) Small Value Procurement;
- c) Lease of Real Property; and
- d) UN Agencies.

#### 3. PROCEDURE

The following steps are followed in undertaking negotiated procurement:

- a) If the original mode of procurement recommended in the APP was competitive bidding, the BAC recommends the change in the mode of procurement to negotiated procurement through a Resolution to be approved by the HOPE.
- **b)** The BAC convenes the appropriate officials for the pre-procurement conference, if deemed necessary.
- c) For alternative methods of procurement, advertisement and posting as prescribed in Section 21.2.1 of the revised IRR may be dispensed except in Negotiated Procurement under Sections 53.1 for two-failed biddings and Section 53.9 of the revised IRR in small value procurement, if the ABC is above fifty thousand pesos (₱ 50, 000.00), wherein the BAC, through the Secretariat, shall post for information purposes the procurement opportunity for in:
  - i. PhilGEPS;
  - ii. Website of the Procuring Entity, if available; and
  - *iii.* Any conspicuous place in the premises of the Procuring Entity.
- d) The posting shall be done for a maximum period of seven (7) calendar days prior to bid opening (Section 54.2 of the revised IRR).
- e) The contract awarded must be posted in the aforementioned websites and at any conspicuous place reserved for this purpose in the premises of the procuring entity (Section 54.3 of the revised IRR).
- If the procurement is being negotiated in case of imminent danger to life or property, the BAC, through the BAC Secretariat, may negotiate with any supplier, contractor or consultant who is legally, technically and financially capable. Only notices of awards shall be posted.

## 3.1 PROCEDURE IN THE CONDUCT OF TWO-FAILED BIDDING UNDER SECTION 53.1 of NEGOTIATED PROCUREMENT

Where there has been failure of public bidding for the second time as provided in Section 35 of the RA 9184 and the revised IRR, the following process must be performed:

- After conduct of the mandatory review of the terms, conditions, specifications, and cost estimates, as prescribed in Section 35 of the revised IRR, the BAC shall revise and agree on the minimum technical specifications, and if necessary, adjust the ABC, subject to the required approvals. However, the ABC cannot be increased by more than twenty percent (20%) of the ABC for the last failed bidding (Section 53.1.1 of the revised IRR).
- b) The BAC shall invite and engage in negotiations with a sufficient number of suppliers, contractors or consultants to ensure effective competition (Section 53.1.2 of the revised IRR).
- c) All Procuring Entities shall maintain a registry of suppliers, contractors, and consultants as basis for drawing up the short list and/or selecting the suppliers, contractors, and consultants for negotiations.
- Any requirements, guidelines, documents, clarifications, or other information relative to the negotiations that are communicated by the procuring entity to a supplier, contractor, or consultant shall be communicated on an equal basis to all other suppliers, contractors, or consultants engaging in negotiations with the procuring entity relative to the procurement (Section 53.1.3 of the revised IRR).
- e) Following completion of the negotiations, the procuring entity shall request all suppliers, contractors, or consultants remaining in the proceedings to submit, on a specified date, a best and final offer with respect to all aspects of their proposals (Section 53.1.4 of the revised).

- The procuring entity shall select the successful offer on the basis of such best and final offers which should meet the procuring entity's minimum technical requirements and should not exceed the ABC (Section 53.1.5 of the revised IRR).
- g) In all stages of the negotiations, observers shall be invited (Section 53.1.6 of the revised).
- h) If the original mode of procurement recommended in the APP was competitive bidding, the BAC recommends the change in the mode of procurement to negotiated procurement through a Resolution to be approved by the HOPE.
- The BAC convenes the appropriate officials for the pre- procurement conference, if deemed necessary.
- j) The BAC, through the Secretariat, shall post for information purposes the procurement opportunity for in:
  - i. PhilGEPS;
  - ii. Website of the Procuring Entity, if available; and
  - *iii.* Any conspicuous place in the premises of the Procuring Entity.
- k) The contract awarded must be posted in the aforementioned websites and at any conspicuous place reserved for this purpose in the premises of the procuring entity (Section 54.3 of the revised IRR).

# 3.2 PROCEDURE IN THE CONDUCT OF THE OTHER CIRCUMSTANCES OF NEGOTIATED PROCUREMENT

a) If the procurement is being negotiated in case of imminent danger to life or property, the BAC, through the BAC Secretariat, may negotiate with any legally, technically and financially capable bidder.

- b) If the procurement is being negotiated as a result of a terminated or rescinded contract being taken over because immediate action is necessary to prevent damage to, or loss of, life or property, or to restore vital public services, infrastructure facilities and other public utilities, then the contract may be negotiated starting with the 2<sup>nd</sup> lowest calculated bidder for the project under consideration at the bidder's original bid price (Section 53.3.1 of the revised IRR). If negotiation fails, then negotiation shall be done with the 3rd lowest calculated bidder at his original price. If the negotiation fails again, a short list of at least three (3) eligible contractors shall be invited to submit their bids, and negotiation shall be made starting with the lowest bidder (Section **53.3.2 of the revised IRR).** Authority to negotiate contracts for projects under these exceptional cases shall be subject to prior approval by the HOPE or other higher authorities, if required, within their respective limits approving authority (Section 53.3.3 of the revised IRR).
- c) If the procurement being negotiated is adjacent or contiguous, the procuring entity will directly negotiate with the previous winning contractor, provided that all the conditions under Section 53.4 of the revised IRR of the R.A. 9184; provided further, that negotiation for the procurement are commenced before expiry of the original contract.
- d) In case of Agency-to-Agency, the procuring entity should follow the procedures provided under the Implementing Guidelines on Agency-to-Agency Agreements, approved and adopted by the GPPB through Resolution No. 18 2007, dated 31 May 2007. The general conditions for implementing Agency-to-Agency Agreements are as follows:
  - **1.** Agency-to-Agency Agreements may only be resorted to if the following conditions are complied with:
    - i. Conduct of a Cost-benefit Analysis by the Procuring Agency indicating that entering into an Agency-to-Agency Agreement with the Servicing Agency is more efficient and economical for the government;

- ii. Total amount of all goods, consulting, and infrastructure projects undertaken or to be undertaken through Agency-to-Agency Agreements shall not exceed twenty-five percent (25%) of the Procuring Entity's total procurement budget for each category (i.e., goods, infrastructure, or consulting) as reflected in its approved APP;
- iii. Servicing Agency has the mandate to deliver the goods and services required to be procured or to undertake the infrastructure project or consultancy required by the Procuring Agency; and
- *iv.* Servicing Agency owns or has access to the necessary tools and equipment required for the project.
- 2. In addition, for procurement of infrastructure projects under Agency-to-Agency agreements, the Servicing Agency must comply with the following conditions:
  - i. It must have a track record of having completed, or supervised a project, by administration or by contract, similar to and with a cost of at least fifty percent (50%) of the project at hand; and
  - ii. It shall not directly or indirectly engage private contractors to undertake the project and may only implement the infrastructure project in- house, by job-order, or through the pakyaw contracting system.

In-house labor is undertaken if the workers are employees or personnel occupying regular *plantilla* positions in the Servicing Agency. Job-order contracts shall be governed by the applicable rules of the Commission on Audit and/or Civil Service Commission. *Pakyaw* Contracting System shall be governed by the GPPB Revised Guidelines for the Implementation of Infrastructure Projects by Administration provided under GPPB Resolution No. 18-2006, as amended by GPPB Resolution No. 07-2009.

- 3. Subject to appropriate guidelines, the Procuring Agency may require the Servicing Agency to post a performance security under Section 39 of R.A. 9184 and/or post a warranty security under Section 62 of R.A. 9184.
- 4. All procurement to be undertaken by the Servicing Agency, including those required for the project, shall continue to be governed by the provisions of R.A. 9184.
- **5.** All projects undertaken through Agency-to-Agency Agreements shall be subject to pertinent budgeting, accounting, and auditing rules.

The procedural requirements for implementing Agency- to Agency Agreements are as follows:

- a) The end-user unit shall undertake a Cost-benefit analysis, taking into consideration the following factors: prevailing standard cost for the project in the market, absorptive capacity of the Servicing Agency, and such other factors.
- b) It shall likewise secure a certificate from the relevant officer of the Servicing Agency that the latter complies with the following conditions: (i.) mandate to deliver the goods and services required to be procured or to undertake the infrastructure project or consultancy required by the Procuring Agency; and (ii.) owns or has access to the necessary tools and equipment required for the project.
- c) Based on the assessment and recommendation of the end-user unit, the BAC shall issue a resolution recommending the use of Agency-to-Agency Agreement to the head of the Procuring Agency.
- d) Upon approval of the BAC resolution, the Procuring Agency shall enter into a Memorandum of Agreement with the Servicing Agency.

- e) The MOA shall reflect the agreement of the parties with regard to the posting of a performance bond and/or a warranty security.
- f) For purposes of transparency, the Procuring Agency shall post the award of the contract, in the following areas:
  - i. PhilGEPS website;
  - *ii.* Website of the Procuring Agency and its electronic service provider, if any; and
  - iii. Any conspicuous place in the premises of the Procuring Agency.
- e) In case of **Small Value Procurement**, the provisions of the Implementing Guidelines for Shopping and Small Value Procurement provided under GPPB Resolution No. 09 2009, dated 17 December 2009 shall be followed. Under the foresaid Guidelines for Shopping and Small Value Procurement the general guidelines for the conduct of Negotiated Procurement (Small Value) are as follows:
  - i. The decision to resort to Small Value Procurement shall be reflected in the APP and must take into consideration the annual procurement requirements of the item to be procured and other market factors, such as fluctuations in prices.
  - ii. Splitting of contracts is strictly prohibited. Splitting of contracts means the breaking up of contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or subcontracts, for the purpose of making it fall below the threshold for shopping or small value procurement, or evading or circumventing the requirement of public bidding.
  - iii. After the decision to resort to Shopping or Small Value procurement has been made, the conduct thereof may be delegated to the appropriate bureau, committee, or support unit duly authorized by the BAC.

The procedural guidelines for the conduct of Negotiated Procurement (Small Value) are as follows:

- i. The RFQ, indicating the specification, quantity, ABC, and other terms and conditions of the item to be procured, shall be prepared.
- ii. The RFQ must also prescribe the manner by which price quotations shall be submitted i.e., by sealed or open quotation, and the deadline for their submission. In all instances, however, information relating to the examination, evaluation and comparisonof price quotations shall be kept confidential and should not be disclosed to any other party except to those officially concerned until award of contract.
- iii. The RFQ shall be sent to at least three (3) suppliers, contractors, or consultants of known qualifications. However, during unforeseen contingencies requiring immediate purchase under Section 52.1(a) of the revised IRR, the RFQ may be sent to only one (1) supplier.
- iv. RFQs shall also be posted for a period of seven (7) calendar days in the PhilGEPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity. However, in the following instances, this posting requirement shall not be applicable:
  - a) When there is an unforeseen contingency requiring immediate purchase under Section 52.1(a) of the revised IRR; or
  - **b)** RFQs with ABCs equal to Fifty Thousand Pesos (Php 50,000.00) and below.

- v. After the deadline for submission of price quotations, an Abstract of Quotations shall be prepared setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest quotation.
- vi. Award of contract shall be made to the lowest quotation (for goods or infrastructure projects) or, after successful negotiations, the highest rated offer (for consulting services) which complies with the specifications and other terms and conditions stated in the RFQ.
- vii. For information purposes, all awards shall be posted in the PhilG-EPS website, website of the procuring entity, if available, and at any conspicuous place reserved for this purpose in the premises of the procuring entity except for those with ABCs equal to Fifty Thousand Pesos (P50,000.00) and below.

The procuring entity must validate whether it is entering into a contract with a technically, legally and financially capable supplier, contractor or consultant by requiring the submission of relevant documents or through other means.

- f) In case of Lease of Real Property, the procuring entity should follow the procedures provided under the Implementing Guidelines for Lease of Privately Owned Real Estate and Venue, approved and adopted by the GPPB through Resolution No. 08-2009, dated 3 November 2009.
- g) In case of NGO Participation, the procuring entity should follow the procedures provided under the Guidelines Non-Governmental Organization Participation in Public Procurement, approved and adopted by the GPPB through Resolution No. 12-2004, dated 29 June 2007.

# SPECIAL PROVISION IN DOH BUDGET RELATED TO PROCUREMENT

- 1. "Authority to undertake Bulk Purchases. The DOH, including regional hospitals, medical centers and special hospitals are authorized, subject to auditing laws, rules and regulations, to undertake bulk procurement of drugs, medicines, medical; and dental supplies, equipment and instrument for all the agencies and field units under its supervision: PROVIDED, that funds allocated for purchase of drugs, medicines, medical; and dental supplies, equipment and materials shall be equitably allocated by region: PROVIDED FURTHER, that the share hospitals and medical centers in the appropriation authorized for this purpose shall be released directly to them: PROVIDED FINALLY, drugs, medicines, medical; and dental supplies, equipment and materials so purchased shall be equitably distributed by disease patterns."
- 2. "Advance Payment for Vaccines and Drugs not Locally Available. The DOH is authorized to deposit and pay in advance the amount necessary for the procurement of vaccines and drugs from the World Health Organizations, the United Nations International Children's Emergency Fund, and the United Nations Development Program: PROVIDED, that said drugs and vaccine are not locally available."
- 3. "Conditions for Emergency Purchases. Notwithstanding Section 22 of the General Appropriation Act, emergency purchases by the DOH shall only be resorted to in case of force majeure, such as but not limited to war, calamities, whether natural or man-made, epidemics, or when a needed product is in short supply or cannot be held in storage for a long period. Products or goods bought during an emergency should be delivered and distributed for the duration of the emergency. Any emergency purchase shall be subject to pertinent accounting and auditing rules and regulations."

The procurement process in case of natural or man-made calamities (Section 53.b) is in Section 54.2.d and also clarified in GPPB-Circular 03-2006 issued on December 6, 2006.

# **SECTION 6**

# GUIDELINES ON CONTRACT IMPLEMENTATION FOR THE PROCUREMENT OF GOODS

# CONTRACT IMPLEMENTATION ON PROCUREMENT OF GOODS

### 1. LEGAL REFERENCE

Section 42 and Annex "D" of the revised IRR provide the rules on contract implementation and termination.

### 2. RULES AND GUIDELINES

### 2.1 COVERAGE OF CONTRACT IMPLEMENTATION

Contract implementation covers the following milestones:

- (a) Effectivity of the contract;
- (b) Contractor's performance of its contractual obligations;
- (c) Procuring Entity's performance of its contractual obligations, as specified in the contract;
- (d) Final acceptance or project sign-off;
- (e) All other related activities; and
- (f) Payment by the Procuring Entity.

### 2.2 PERIOD OF CONTRACT IMPLEMENTATION

The PMO or end-user unit should determine the period of contract implementation during the procurement planning stage, and include it in the PPMP. In determining the contract implementation period, it must ensure that the supplier is given ample time to undertake any preparatory activity/ies necessary for it to comply with the conditions of the contract.

### 2.3 EFFECTIVITY OF CONTRACT

A contract becomes effective either on the date of the receipt by the winning bidder of the NTP or, if an effectivity date is provided in the NTP, then on such date. All notices called for by the terms of the contract shall be effective only from either of these effectivity dates. These provisions must be stated clearly in the contract itself (Section 37.5 of the revised IRR).

### 2.4 ROLE OF CHIEF ACCOUNTANT

The PMO or end-user unit must ensure that the Chief Accountant of the procuring entity issues a CAF for the project. Only with a CAF can the contract be valid.

The Chief Accountant must also sign the contract as a witness.

### **WARRANTY**

### 1. LEGAL REFERENCE

Section 62.1 of the revised IRR is the legal basis on warranty.

### PURPOSE

A Warranty is required in the procurement of goods to ensure that the supplier, manufacturer or distributor, as the case may be, will correct any manufacturing defect.

### 3. RULES AND GUIDELINES

### 3.1 WHEN REQUIRED

For the procurement of goods, a warranty shall be required from the contract awardee for a minimum period of three (3) months, in the case of expandable supplies, and one (1) year, in the case of non-expandable supplies and equipment, after the acceptance by the procuring entity of the goods and/or equipment.

The obligation for the warranty shall be covered by either retention money in an amount equivalent to at least ten percent (10%) of every progress payment, or a special bank guarantee equivalent to at least ten percent (10%) of the total contract price. The special bank guarantee must be contract specific, that is, it shall be executed for the special purpose of covering the warranty for the subject procurement contract. If the warranty period is longer than the minimum period of three (3) months for supplies and one (1) year for equipment, the period beyond the minimum period need not be covered by retention money or special bank guarantee. After the lapse of the minimum period, the procuring entity must release the retention money or special bank guarantee.

The warranty shall only be released after the lapse of the warranty period, provided that the goods supplied are free from patent and latent defects and all the conditions imposed under the contract have been fully met.

### 3.2 GOODS CONSIDERED DEFECTIVE

Goods are considered defective when they are "unfit for the use for which it is intended," or "its fitness for such use is diminished to such an extent that, had the vendee been aware thereof, he would not have acquired it or would have given a lower price for it...." (Civil Code of the Philippines Art. 1561). A defect can either be:

- (a) A patent defect, which is one that is apparent to the buyer on normal observation. It is an apparent or obvious defect. For example, a ballpen that does not write is patently defective.
- (b) A latent defect, which is one that is not apparent to the buyer by reasonable observation. A latent defect is "hidden" or one that is not immediately determinable. For example, a ballpen that writes .75 kilometers instead of the expected 1.5 kilometers, has a latent defect.

Both latent and patent defects are covered by the warranty expressly required in R.A. 9184 and the revised IRR. This means that the procuring entity may proceed against the warranty whenever any of these defects are determined to be present in the goods procured, and the same are determined within the period covered by the warranty. However, wear and tear due to normal usage of the goods are excluded from the coverage of the warranty.

The procuring entity should promptly notify the supplier in writing of any claims arising under the warranty. Upon receipt of such notice, the supplier should, within the period specified in the contract and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the procuring entity. If the supplier, having been notified, fails to remedy the defects within the period specified in the contract, the procuring entity may then proceed to call upon the warranty security, without prejudice to any other rights which it may have against the supplier under the contract and under the applicable law.

### 3.3 PARTIAL RELEASE OR REDUCTION OF WARRANTY

A partial release or reduction of the warranty may be allowed in the case of partial deliveries. In this case, the warranty periods will vary among the various lots. The warranty for goods delivered ahead will lapse earlier than the succeeding deliveries.

The retention money or a portion of the special bank guarantee covering the warranty for goods received or delivered ahead may thus be released. The effect is that there will be partial releases of the retention money or special bank guarantee to coincide with the lapse of the warranty period for each delivered lot.

However, the warranty must be in the form of retention fee equivalent to 10% of every progress payment. For example, in the case of a procurement transaction allowing for partial deliveries and progress payment for each delivery, the amount of the warranty for the first partial delivery may be released after the lapse of the warranty period for such first delivery. The remaining goods that are still under warranty will be covered by a warranty fee equivalent to ten percent (10%) of each progress payment.

### **AMENDMENTS TO ORDER**

### 1. AMENDMENT TO ORDER DEFINED

An Amendment to Order refers to any necessary adjustment within the general scope of the contract in any one or more of the following aspects in order to fully meet the requirements of the project:

- **1.1** Drawings, design or specifications of the goods, provided that:
  - a) The goods to be furnished are to be specifically manufactured for the government in accordance therewith;
  - b) The change is an improvement of the goods and advantageous to the government;
  - c) It is done at no extra cost; and
  - d) It is not prejudicial to the losing Bidders in the sense that such change/s could not have been foreseen during the conduct of the bidding and would have significantly affected the other bidders' bids:
- 1.2 Method of shipment or packing;
- **1.3** Place of delivery;
- **1.4** Place of performance of the services;
- **1.5** Additional items needed and necessary for the protection of the goods procured, which were not included in the original contract; or
- 1.6 Any other change affecting the specifications or scope of work of the goods and/or services to be procured.

Such amendment may or may not result to an increase or a decrease of the contract price, and/or an extension or reduction of the delivery period. However, the amendment should not have the result of changing the subject matter of the contract or the specifications of

the goods or services, in any material aspect and to such an extent that, if introduced during the bidding stage, may have had a significant effect on other bidders' bids, because this situation would actually require another bidding activity, except if the original procurement was done through an alternative method that did not involve a bidding.

### 2. RULES AND GUIDELINES

### 2.1 CONDITION IN USING AMENDMENTS TO ORDER

Amendments to Order may be issued by the procuring entity at any time during contract implementation, provided that such adjustment is required to fully meet the requirements of the project. Any of the following circumstances may serve as basis for such amendment/s:

Unforeseen contingencies that were identified during project/contract implementation as necessary conditions for proper implementation, and such contingencies have an impact on the procurement at hand, such as:

- *i.* Changes in the conditions affecting the project, *e.g.*, a change in the place of delivery;
- *ii.* Time is of the essence in the implementation of the project, and any changes require immediate implementation; and
- iii. Additional requirements have been identified as necessary for the protection of the goods procured, such as changes in the packaging of the goods, or additional items have become necessary to ensure that the goods are sufficiently protected from the elements;

When the contract does not reflect the real intention of the parties due to mistake or accident, and the amendment is necessary to reflect the parties' intention; and

Other analogous circumstances that could affect the conditions of the procurement at hand.

### 2.2 PARTICIPANTS

The following parties are involved in the issuance of an Amendment to Order:

- a) PMO or end-user unit;
- **b)** Supplier/manufacturer/distributor;
- c) Procurement Unit/office; and
- **d)** Head of the procuring entity or his duly authorized representative.

### 2.3 ADJUSTMENTS IN CONTRACT PRICE AND/OR DELIVERY SCHEDULES

Adjustments in contract price and/or delivery schedules are allowed. If an amendment to order increases or decreases the cost of, or the time required for executing any part of the work under the original contract, an equitable adjustment in contract price and/or delivery schedule should be mutually agreed upon between the parties concerned, and the contract should be modified in writing. It is suggested, however, that any increase in contract price must not exceed ten percent (10%) of the original contract price. Otherwise, the procurement should be subject to another conduct of bidding, unless the original procurement was done using any of the alternative methods that did not involve bidding.

Moreover, in the adjustment of the price, the supplier and the procuring entity must ensure that the principle of "no loss, no gain" is applied, such that neither party gains nor losses anything from the resulting price adjustment.

### 2.4 PRICE ADJUSTMENTS DUE TO ATO

If the amendment to order consists of additional items, the price adjustment shall be based on the unit prices in the original contract for items of goods similar to those in the original contract. If the contract does not contain any rate applicable to the additional items, then suitable prices shall be mutually agreed upon between the parties, based on prevailing market prices.

Any request for payment by the supplier for additional items must be accompanied by a statement with the approved supporting forms, giving a detailed accounting and record of the amount for which it claims payment.

If the amendment to order consists of a change in drawings, design or specifications of the goods, method of shipment or packing, or place of delivery, the price adjustment shall be equivalent to the corresponding value of the change, based on prevailing market prices.

### 2.5 AUTHORITY TO PROCEED WITH THE WORK UNDER AN ATO

Under no circumstance shall a supplier proceed to commence work under any Amendment to Order unless the same has been approved by the head of the procuring entity concerned or his duly authorized representative.

As an exception to the rule, the Regional Director/Head concerned may authorize the immediate start of work under any Amendment to Order in the event of emergencies to avoid detriment to public service, or damage to life and/or property, or when time is of the essence. His authorization, however, is valid only up to the point where the cumulative increase in the contract cost which has not yet been fully approved by the head of the procuring entity or his duly authorized representative does not exceed five percent (5%) of the original contract cost. Moreover, the corresponding Amendment to Order must immediately be prepared and submitted for approval to the head of the procuring entity or his duly authorized representative. For an Amendment to Order involving a cumulative amount exceeding five percent (5%) of the original contract price, no work thereon shall be commenced unless the same has been approved by the head of the procuring entity concerned or his duly authorized representative. (Annex D of the revised IRR)

Payment for any work or delivery done in accordance with an Amendment to Order shall not be made unless the approval of the head of the procuring entity or his duly authorized representative has been secured.

### 3. PROCEDURE

The following steps are undertaken in the issuance of an Amendment to Order:

- a) The PMO or end-user unit determines the existence of condition/s that requires an amendment to order.
- b) The PMO or end-user unit discusses with the supplier/manufacturer/distributor regarding the adjustments in contract price and/or delivery schedule, if necessary.
- **c)** The PMO or end-user unit drafts the contract amendment containing the agreements reached with the supplier/manufacturer/distributor.
- d) The PMO or end-user unit secures a CAF for the procurement, to be attached to the contract amendment when this is submitted to HOPE for approval.
- e) The contract amendment is submitted to the head of the procuring entity or his duly authorized representative, for approval, with the approval process following the same timelines prescribed by the revised IRR and this Manual for contract approval.
- Upon approval by the HOPE or his duly authorized representative, the PMO or enduser unit notifies the supplier/manufacturer/ distributor to proceed with the work/delivery of items in accordance with the amendment. It shall also notify the procurement unit/office of such approval, and furnish the latter with a copy of the amended contract.
- g) The procurement unit/office posts the Amendment to Order in the G-EPS, the website of the procuring entity, and the latter's electronic procurement service provider, if any.
- h) The supplier/manufacturer/distributor proceeds with the work/delivery of items in accordance with the amended contract.

## **SUSPENSION OF DELIVERY**

### 1. LEGAL REFERENCE

Annex "D" of the revised IRR is the legal basis for suspension of delivery.

### 2. RULES AND GUIDELINES

# 2.1 GROUNDS FOR SUSPENSIONS OF DELIVERYOR CONTRACT IMPLEMENTATION

The Procuring Entity may suspend the delivery or contract implementation, wholly or partly, by written order for a certain period of time, as it deems necessary due to **force majeure or any fortuitous event** as defined in the contract.

### 2.2 ADJUSTMENT IN CONTRACT PRICE AND/OR DELIVERY SCHEDULE

Appropriate adjustments shall be made in the delivery or contract schedule, or contract price, or both, and the contract shall be modified accordingly (Annex "D" of the revised IRR).

When warranted, price adjustments may be made in accordance with the guidelines previously discussed in the immediately preceding section on "Amendment to Order."

### 2.3 RESUMPTION OF CONTRACT IMPLEMENTATION

Work must be resumed or delivery made either upon the lifting or the expiration of the suspension order. However, if the procuring entity terminates the contract covered by such order, resumption of work cannot be done.

The procuring entity must either lift the suspension order or terminate the contract before the expiration of the suspension period. If the period of the order is allowed to expire, the supplier/manufacturer/ distributor shall automatically have the right to resume work, which may not be the intention of the PMO at that time.

### 2.4 PARTICIPANTS

The following parties are involved in the issuance of a Suspension Order:

- a) PMO or end-user unit;
- **b)** Supplier/manufacturer/distributor; and
- c) Head of the procuring entity or his duly authorized representative

### 3. PROCEDURE

The following steps are necessary for the issuance of a suspension order:

- a) The PMO or end-user unit determines the existence of a force majeure or fortuitous event that will be the basis for the issuance of a suspension order.
- **b)** Based upon the findings and recommendation of the PMO or end-user, the HOPE issues a written order suspending the order or work, wholly or partly, for a certain period of time.
- c) The supplier/manufacturer/distributor shall take all reasonable steps to minimize the costs allocable to the order or work covered by the order during the suspension.
- **d)** The PMO or end-user unit discusses with the supplier/manufacturer/distributor any need for adjustments in the delivery or contract schedule and/or contract price, including any need to modify contract.
- **e)** The PMO or end-user unit drafts the contract amendment containing the agreements reached with the supplier/manufacturer/distributor.
- f) The contract amendment is submitted to the HOPE or his duly authorized representative, for approval.
- g) Prior to the expiration of the suspension order, the PMO or end-user unit determines whether or not the grounds for suspension are still existent. If such grounds continue to exist, or if it is no longer practicable to complete the delivery or continue with the work, it shall cancel the delivery of the items subject of the suspension order, or terminate the work subject of the order, by written notice.

If, however, the grounds for suspension no longer exist, and completion of delivery or continuation of the work may already be done, the PMO, with the approval of the head of the procuring entity or his duly authorized representative, shall lift the suspension order by the written notice, thereby instructing the supplier/manufacturer to proceed with the delivery or work in accordance with the amended contract.

### DELAY IN DELIVERY AND LIQUIDATED DAMAGES

### 1. LEGAL REFERENCE

Section 68 and Annex "D" of the revised IRR, and the Civil Code of the Philippines Art. 2226.

### 2. RULES AND GUIDELINES

### 2.1 LIQUIDATED DAMAGES DEFINED

Liquidated damages are damages agreed upon by the parties to a contract, to be paid in case of breach thereof. (Civil Code of the Philippines Art. 2226)

# 2.2 APPLICABLE PERIOD FOR THE DELIVERY OF GOODS OR PERFORMANCE OF SERVICES

The supplier/manufacturer/distributor must deliver the goods or perform the services procured within the period prescribed by the procuring entity, as specified in the Contract.

If delays are likely to be incurred, the supplier/manufacturer/distributor must notify the procuring entity in writing. It must state therein the cause/s and duration of the expected delay. The procuring entity may grant time extensions, at its discretion, if based on meritorious grounds, with or without liquidated damages.

In all cases, the request for extension should be submitted before the lapse of the original delivery date. The maximum allowable extension shall not be longer than the initial delivery period as stated in the original contract.

### 2.3 GROUNDS FOR IMPOSITION

When the supplier fails to satisfactorily deliver the goods or services under the contract within the specified delivery schedule or project implementation schedule, inclusive of duly granted time extensions, if any, the supplier shall be liable for damages for the delay and shall pay the procuring entity liquidated damages, not by way of penalty, for every day of delay until such goods or services are finally delivered or performed and accepted by the procuring entity concerned. The procuring entity need not prove that it has incurred actual damages to be entitled to liquidated damages.

### 2.4 AMOUNT OF LIQUIDATED DAMAGES

The supplier must pay the procuring entity liquidated damages, not by way of penalty, an amount equal to one-tenth (1/10) of one percent (1%) of the cost of the delayed goods or services scheduled for delivery or performance for every day of delay. The liquidated damages will be imposed until such goods or services are finally delivered or performed and accepted by the procuring entity concerned.

In no case shall the sum of liquidated damages be more than ten percent (10%) of the contract amount. If it does, the contract shall automatically be rescinded by the procuring entity, without prejudice to other courses of action and remedies open to it. The procuring entity may also take over the contract or award the same to a qualified supplier through negotiation. In addition to the liquidated damages, the erring supplier's performance security shall also be forfeited.

### 3. PROCEDURE

The following steps need to be followed in the imposition of liquidated damages:

- a) The supplier/manufacturer/distributor submits a written request to the PMO or enduser unit for an extension of the delivery or performance period, citing the reason/s for such delay.
- b) The PMO or end-user unit either approves or disapproves the request for extension.
- c) If the extension is granted, the liquidated damages may or may not be imposed and the supplier/manufacturer/distributor is informed of this in writing. The supplier/manufacturer/ distributor is then asked to extend the validity of the performance bond to conform to the extended period.
- d) If, however, the request for extension is denied, the PMO or end-user unit informs in writing the supplier/manufacturer/distributor of such denial, and ensures that the said notice or communication is received by the latter within a reasonable time from receipt of the request for extension. In this case, the procuring entity imposes the liquidated damages in accordance with the provisions of the contract and the procedures outlined below.

- e) If the supplier/manufacturer/distributor incurs delay and it does not request for an extension:
  - *i.* The PMO or end-user unit informs, within a reasonable time from the first day of delay, the supplier/manufacturer/distributor that the procuring entity shall impose the liquidated damages agreed upon by the parties.
  - ii. Upon delivery, the PMO or end-user unit and the Technical Inspection and Acceptance Committee records the delay in the inspection documents, noting therein the amount of the liquidated damages imposable on the supplier.
  - iii. Upon payment, the amount of liquidated damages due is deducted from the total amount payable to the supplier, and the same shall be reflected in the disbursement vouchers. Or, if the contract provides that the liquidated damages is to be collected from securities or warranties posted by the supplier, the PMO or end-user unit informs the official authorized to call on the securities or warranties about the delay and the corresponding liquidated damages imposable.

### **ADDITIONAL RULES AND GUIDELINES**

### 1. LEGAL REFERENCE

Section 42.1 and Annex "D" of the revised IRR.

### 2. INCIDENTAL SERVICES DEFINED

Incidental Services are those services ancillary to the supply of the goods, such as transportation and insurance, installation, commissioning, provision of technical assistance, training, and other such obligations of the supplier specified in the Contract and the bidding documents. In particular, these services may refer to any of the following:

- a) Performance or supervision of on-site assembly and/or start-up of the supplied goods;
- b) Furnishing of tools required for assembly and/or maintenance of the supplied goods;
- c) Furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;
- d) Performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the supplier of any warranty obligations under the Contract;
- e) Training of the procuring entity's personnel, at the supplier's plant and/or on-site, on assembly, start-up, operation, maintenance, and/or repair of the supplied goods; and
- f) Any other related services necessary for completion of the project and indicated in the contract.

### 2.1 Implication of Incidental Services on contract implementation

The Incidental Services must be clearly specified in the contract, and identified as separate components from the goods to be supplied or services to be rendered, so that prices indicated on the price schedule shall be entered separately, in accordance with the ITB. The cost thereof should also be indicated in the contract.

### 3. SPARE PARTS DEFINED

Spare parts refer to extra components, equipment, tools, instruments or parts of machinery or apparatus that replace the ones that are damaged or worn out.

### 3.1 INFORMATION REQUIRED FROM SUPPLIER ON SPARE PARTS

The supplier may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the Supplier:

- a) Such spare parts as the procuring entity may elect to purchase from the supplier, provided that this election shall not relieve the supplier of any warranty obligations under the contract;
- b) Such spare parts that the procuring entity may be able to purchase from other suppliers/manufacturers but are compatible with the goods procured; and
- c) In the event of termination of production of the spare parts:
  - Advance notification to the procuring entity of the pending termination, in sufficient time to permit the procuring entity to procure needed requirements; and
  - ii. Following such termination, furnishing at no cost to the procuring entity the blueprints, drawings, and specifications of the spare parts, if requested.



IMPORTANT POINTS TO PONDER
ON SPARE PARTS

The procuring entity may include the delivery of a limited supply of fast-moving and/or hard-to-find spare parts in the technical specifications when procuring heavy equipment or machinery. This is to ensure the continued use or operation of the equipment.

The supplier may likewise be required to issue a Certification that spare parts, particularly those that are product-specific, shall continue to be manufactured by them within a period of time, *e.g.*, five (5) years, after the bidding date.

The above information shall be included in the Technical Bid.

### 4. PURCHASER'S COORDINATION RESPONSIBILITIES

Whenever the supply of goods and related services requires that the supplier/manufacturer/ distributor obtain permits, approvals, and import and other licenses from local public authorities, the procuring entity may, upon request by the supplier/manufacturer/ distributor, assist the latter in complying with such requirements in a timely and expeditious manner. However, the supplier/manufacturer/distributor shall bear the costs of such permits and/or licenses. On the other hand, the procuring entity shall pay all costs involved in the performance of its responsibilities, in accordance with the contract.

### 5. CONTRACT PRICES

### 5.1 AMOUNT

The contract price must not vary from the price quoted by the supplier in its bid. This is based on the rule that the contract, as awarded, should not differ in any material aspect from the terms stipulated in the bidding documents, considering that these terms were the basis for the comparison of bids. Otherwise, the purpose bidding process would have been defeated.

### 5.2 DENOMINATION

All contracts shall be denominated and payable in Philippine currency, and this shall be stated in the Bidding Documents: *Provided, however*, That subject to the guidelines issued by the GPPB, the procuring entity may provide in the Bidding Documents that obligations may be paid in foreign currency; *Provided, further,* That should the procuring entity receive bids denominated in foreign currency, the same shall be converted to Philippine currency based on the exchange rate prevailing on the day of the bid opening for purposes of bid comparison and evaluation (*Section 61.4 of the revised IRR*).

### 6. PAYMENT

### 6.1 METHOD OF PAYMENT

The method and conditions of payment must be specified in the contract. However, the following guidelines may be considered by the procuring entity in preparing the contract provisions regarding payment:

- a) As a general rule, no advance payment, or any payment made prior to the delivery and acceptance of goods, shall be made to any supplier/ manufacturer/ distributor, subject to the following exceptions:
  - *i.* When there is prior approval by the President; or
  - *ii.* When the procurement is made from another government agency.
- b) Partial payment of the contract price will only be allowed if the contract provides/allows for partial or staggered delivery of goods procured, and such partial payment must correspond to the value of the goods delivered and accepted;
- c) Payment must only be made after the appropriate inspection and acceptance procedures, as mandated by existing government rules and regulations, have been complied with by the procuring entity; and
- **d)** Payment must be made in accordance with prevailing accounting and auditing rules and regulations.

### 6. 2 PERIOD OF PAYMENT

Payments must be made promptly by the procuring entity, but in no case later than forty-five (45) days after the supplier's request/s for payment shall be made in writing, accompanied by an invoice describing, as appropriate, the goods delivered and/or services performed, by documents submitted pursuant to the contract, and upon fulfillment of other obligations stipulated in the contract, as well as upon inspection and acceptance of the goods by the appropriate Technical and Inspection Committee. In addition, the procuring entity shall ensure that all accounting and auditing requirements are met prior to payment.

### 6. 3 CURRENCY OF PAYMENT

As a general rule, payment must be made in Philippine currency.2

For Goods that will be supplied from within the Philippines, the price in the contract shall be denominated and payable in Philippine currency, and this shall be stated in the bidding documents.

For Goods that will be supplied from outside the Philippines, such as in the case of goods with a high import content, *i.e.* more than fifty percent (50%) of the contract cost, the Procuring Entity may disaggregate the cost components into foreign and local costs, and may denominate and pay contract prices in foreign and Philippine currencies, as stipulated in the bidding documents.

If a foreign currency denominated contract is payable in Philippine currency, the contract may contain a provision allowing the BSP reference rate at the time of payment or on the date of opening of the Letter of Credit to be used to convert the foreign currency denominated amount to Philippine Pesos, but the same should in no case exceed the ABC. This will be the basis for the payment in pesos. Furthermore, if the amount payable in Philippine currency is greater than the Peso value of the contract price, such increase must not be more than the allowable variance mandated by GPPB guidelines, reckoned as a percentage of the peso amount as of bid opening date. Projected exchange rate fluctuations based on BSP forecasts must be factored in by the Procuring Entity in determining the ABC, to ensure that the project cost reflects currency values at the time of project implementation.

### 6.4 PAYMENT UPON TERMINATION OF A CONTRACT

Payment on a *quantum meruit* basis may be made in favor of the supplier/manufacturer/distributor in case of contract termination for any cause other than engaging in corrupt, fraudulent, collusive or coercive practices, in competing for or in executing the contract.

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<sup>&</sup>lt;sup>2</sup> For FAPs, payment of the contract price should be made in the currency or currencies in which the bid price is expressed in the bid of the successful bidder. When the bid price is required to be stated in local currency but the bidder has requested payment in foreign currencies expressed as a percentage of the bid price, the exchange rates to be used for purposes of payments should be those specified by the bidder in the bid, so as to ensure that the value of the foreign currency portions of the bid is maintained without any loss or gain. At any rate, where the price is to be paid, wholly or partly, in a currency or currencies other than the currency of the bid, the exchange risk should not be borne by the supplier or contractor and, to this end, the contract should provide that amounts payable in a currency or currencies other than that of the bid should be calculated at the rates of exchange between these currencies specified for the purpose in the bidding documents.

"Quantum meruit" means "as much as he deserves." It is an equitable doctrine, based on the concept that no one who benefits by the labor and materials of another should be unjustly enriched thereby; under these circumstances, the law implies a promise to pay a reasonable amount for the labor and materials furnished. (Black's Law Dictionary, Fifth Edition)

### 6.5 INCENTIVE BONUS

No incentive bonus is allowed, in whatever form or for whatever purpose, must be allowed (Section 42.4 of the revised IRR).

### 7. TAXES AND DUTIES

A foreign supplier must be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed up to the delivery of the goods to the Project Site as specified in the contract.

A local supplier must also be entirely responsible for all taxes, duties, license fees, and other related expenses, incurred until delivery of the contracted goods to the procuring entity.

### 8. SUBCONTRACTS

Unless otherwise specified in the BDS, the Bidder may subcontract portions of the Goods to an extent as may be approved by the Procuring Entity and stated in the BDS.

However, the discretion of whether or not to allow subcontracting arrangements is within the determination of the procuring entity. The procuring entity also has the authority to specify the portions of Goods and the maximum percentage allowed to be subcontracted.

Subcontracting of any portion shall not relieve the Bidder from any liability or obligation that may arise from the contract for this Project. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.

Subcontractors must comply with the eligibility criteria and the documentary requirements specified in the BDS. In the event that any subcontractor is found by the Procuring Entity to be ineligible, the subcontracting of such portion of the Goods shall be disallowed.

The Bidder may identify the subcontractor to whom a portion of the Goods will be subcontracted at any stage of the bidding process or during contract implementation. If the Bidder opts to disclose the name of the subcontractor during bid submission, the Bidder shall include the required documents as part of the technical component of its bid.

Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of the Procuring Entity.

### 9. STANDARDS

The goods supplied under the contract must conform to the standards mentioned in the technical specifications, which must preferably be Philippine standards, or standards specified by the Bureau of Product Standards of the DTI. If there is no Philippine standard applicable, the goods must conform to the authoritative standards appropriate to the goods' country of origin. Such standards must be the latest issued by the concerned institution.

### 10. PACKAGING

The supplier must provide such packaging of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract and in accordance with existing industry standards. The packaging must be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging case size and weights must take into consideration, where appropriate, the distance and remoteness of the goods' final destination and the absence of heavy handling facilities at all points in transit.

The packaging, marking, and documentation within and outside the packages must comply strictly with such special requirements as must be expressly provided for in the contract, including additional requirements, if any, and in any subsequent instructions ordered by the procuring entity. Moreover, the outer packaging must contain a "Packing List" which must reflect the actual contents of the package.

### 11. INSURANCE COVERAGE

The goods procured must be fully insured by the supplier in a freely convertible currency against loss or damage incidental to their manufacture or acquisition, transportation, storage, and delivery in the manner specified in the Contract.

### 12. TRANSPORTATION

### 12.1 RESPONSIBLE FOR TRANSPORTATION AND INSURANCE

The contract must contain provisions on who will bear the cost of transportation and insurance (as well as customs duties in case of importation). For this purpose, the specific Incoterm must be used and identified in the contract. The Incoterm also defines the point at which the risk of loss or damage to the goods passes from the seller to the buyer. The procuring entity shall identify which terms are most responsive to the requirements of the project.

If the Supplier is required under the Contract to deliver the goods CIF, CIP or DDP, it shall arrange and pay for the transport of the goods to the port of destination or such other named place of destination in the Philippines, as shall be specified in the contract. It will also have to pay for the cost that will be incurred in the transport of these goods, the cost to be included in the contract price.

If the supplier is required under the contract to transport the Goods to a specified place of destination within the Philippines, defined as the Project Site, it will arrange and pay for the transport of the goods to such place of destination. It must also pay for insurance and storage, and related costs. These costs must be included in the Contract Price.

The procuring entity is encouraged to enlist the assistance of an accredited customs broker or forwarder in all importation.

# 12.2 TRANSPORTATION COST AND INSURANCE IN FOREIGN ASSISTED PROJECTS

Bidding documents should permit suppliers to arrange transportation and insurance from any eligible source. Bidding documents should state the types and

terms of insurance to be provided by the bidder. The indemnity payable under transportation insurance should be at least one hundred ten percent (110%) of the contract amount in the currency of the contract or in a freely convertible currency to enable prompt replacement of lost or damaged goods.

If a Procuring Entity wishes to reserve transportation and insurance for the import of goods to national companies or other designated sources, bidders should be asked to quote FCA (named place) or CPT (named place of destination) prices in addition to the CIP (place of destination) price. Selection of the lowest evaluated bid should be on the basis of the CIP (place of destination) price, but the Procuring Entity may sign the contract on FCA or CPT terms and make its own arrangement for transportation and/or insurance. Under such circumstances, the contract should be limited to the FCA or CPT cost. If the Procuring Entity does not wish to obtain insurance coverage in the market, evidence should be provided to the IFI that resources are readily available for prompt payment in a freely convertible currency of the indemnities required to replace lost or damaged goods.

### 13. INSPECTION AND TESTS

### 13.1 RIGHT TO INSPECT AND TEST GOODS PROCURED

The procuring entity or its representative has the right to inspect and/or to test the goods to confirm their conformity to the contract specifications at no extra cost to it. The bidding documents and the contract must specify what inspections and tests are required by the procuring entity, and where these are to be conducted. The procuring entity must notify the supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.

The inspections and tests may be conducted on the premises of the supplier or its subcontractor(s), at point of delivery, and/or at the goods' final destination. If conducted on the premises of the supplier or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, must be provided by the supplier to the inspectors at no charge to the procuring entity.

The procuring entity must bear its own costs and expenses incurred in connection with its attendance at inspections, including, but not limited to, all traveling and board and lodging expenses.

The procuring entity may require the supplier to carry out any test and/or inspection not required by the contract but deemed necessary to verify that the characteristics and performance of the goods comply with the technical specifications, codes and standards under the contract. However, the reasonable costs and expenses incurred by the supplier in the carrying out of such test and/or inspection will be added to the contract price. Furthermore, if such test and/or inspection impede the progress of manufacturing and/or the supplier's performance of its other obligations under the contract, due allowance will be made in respect of the delivery dates and completion dates and the other obligations so affected. These tests shall be conducted by a government testing laboratory, or, where there is none for the particular item being procured, in any testing laboratory accredited by the DTI. The supplier must provide the procuring entity with a report of the results of any such test and/or inspection. These results will be conclusive of the quality of the items and not subject to further dispute between the parties.

The procuring entity may reject any goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The supplier should either rectify or replace such rejected goods or parts thereof or make alterations necessary to meet the specifications at no cost to the procuring entity, and shall repeat the test and/or inspection, at no cost to the procuring entity, upon giving a notice pursuant to the contract.

The supplier should agree in the contract that neither the execution of a test and/or inspection of the goods or any part thereof, nor the attendance by the procuring entity or its representative, shall release the supplier from any warranties or other obligations under the contract.

### 13.2 TECHNICAL INSPECTION AND ACCEPTANCE COMMITTEE

The appropriate Technical Inspection and Acceptance Committee of the procuring entity must commence the inspection and acceptance process within twenty-four (24) hours from delivery of the goods, and shall complete the same as soon as practicable.

Pertinent COA regulations on technical inspection and acceptance procedures shall be considered in the conduct of such inspection and acceptance by the procuring entity's authorized inspectors.

### 13.3 SPECIAL INSPECTION AND TESTING FOR DRUGS AND MEDICINES

For Drugs and Medicines, mandatory random testing of delivered drugs and medicines by FDA before acceptance and distribution is required. The inspection and tests that will be conducted are:

Upon delivery of the goods shall undergo preliminary physical inspection by the Inspection Team of the procuring entity to ascertain the physical conditions and acceptability of goods.

In compliance with FDA Bureau Circular No. 6-A dated June 11, 2001, random samples shall be selected by a designated FDA representative, witnessed by the representation from the Supplier, for purposes of laboratory analysis. The tests to be conducted and sample sizes are as follows:

### i. Physio-Chemical Test

- 1. tablet/capsule 1 commercial presentation (minimum of 50 pcs.)
- 2. liquid/suspension solution 60 ml x 6 bottles; 120 ml x 6 bottles
- **3.** granules/powders/powders for suspension 30 ml x 6 bottles; 60 ml x 6 bottles

### ii. Sterility Test

- solid preparation: less than 50 mg or 50 mg or more but less than 200 mg or more – minimum of 20 bottles
- 2. liquid preparation: 1 ml to 100 ml minimum of 20 bottles; 500ml to 1000 ml minimum of 6 bottles

### iii. Microbiological Test

- **1.** tablet/capsule number of tablets/capsules equivalent to at least 20 grams
- 2. liquid preparations 500 ml to 1000 ml minimum of 6 bottles

### 14. INTELLECTUAL PROPERTY RIGHTS

The Procuring Entity should not be liable for any infringement of intellectual property rights arising from the use of the goods procured. In case there are third-party claims of such infringement of patent, trademark, or industrial design rights, the supplier must hold the procuring entity free and harmless against such claims. These terms should be expressed in the contract.

### 15. LIMITATIONS OF SUPPLIER'S LIABILITY FOR DAMAGES

Except in cases of criminal negligence or willful misconduct, and in the case of infringement of intellectual property rights, and unless otherwise specified in the contract, the supplier is generally not liable to the procuring entity, whether in contract, tort or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion does not apply to any obligation of the supplier to pay liquidated damages to the procuring entity. This is without prejudice to any other liability, penalty or appropriate sanction that may be imposed upon the supplier under R.A. 9184 and other applicable laws.

### 16. TERMINATION FOR DEFAULT

### 16.1 CONTRACT TERMINATION AND DAMAGES

Termination of a contract for default is without prejudice to other remedies available to the procuring entity for breach of contract, such as payment of liquidated and other damages, if there are grounds for the latter.

If the contract is not wholly terminated, the supplier shall continue to deliver the remaining goods or to perform the remaining services contracted.

### 16.2 GROUNDS ON TERMINATION FOR DEFAULT

Any of the following conditions shall constitute as a ground for termination of the contract for default:

- a) There being no force majeure, the supplier fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the Procuring Entity pursuant to a request made by the supplier prior to the delay, and such failure amounts to at least ten percent (10%) of the contract price;
- As a result of force majeure, the supplier is unable to deliver or perform any or all of the goods or services, amounting to at least ten percent (10%) of the contract price, for a period of not less than sixty (60) calendar days after the receipt of the notice from the Procuring Entity stating that the circumstance of force majeure is deemed to have ceased;
- c) The supplier fails to perform any other obligation(s) under the contract; or
- **d)** The supplier, in the judgment of the Procuring Entity, has engaged in corrupt, fraudulent, collusive or coercive practices in competing for or in executing the contract.

# 16.3 PROCUREMENT IN CASES OF CONTRACT IMPLEMENTATION DUE TO DEFAULT

If the procuring entity terminates the contract in whole or in part, due to default, it may procure from third parties, through the appropriate alternative method of procurement, goods or services similar to those undelivered. The supplier that defaulted will be liable to the procuring entity for any excess costs for such similar goods or services.

### 17. TERMINATION FOR INSOLVENCY

The procuring entity may at any time terminate the contract by giving written notice to the supplier, if the supplier is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction. In this event, termination will be without compensation to the supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the procuring entity and/or the supplier.

### 18. TERMINATION FOR CONVENIENCE

### 18.1 TERMINATION OTHER THAN THOSE ATTRIBUTABLE TO THE SUPPLIER

The procuring entity, by written notice sent to the supplier, may terminate the contract, in whole or in part, at any time for its convenience. The notice of termination shall specify that the termination is for the procuring entity's convenience, the extent to which performance of the supplier under the contract is terminated, and the date upon which such termination becomes effective.

# 18.2 CIRCUMSTANCES CONSTITUTING SUFFICIENT GROUNDS TO TERMINATE CONTRACT

Any of the following circumstances may constitute sufficient grounds to terminate a contract for convenience:

- a) If physical and economic conditions have significantly changed so as to render the project no longer economically, financially or technically feasible, as determined by the head of the procuring entity;
- b) The head of the procuring entity has determined the existence of conditions that make project implementation impractical and/or unnecessary, such as, but not limited to fortuitous event/s, changes in laws and government policies;
- c) Funding for the project has been withheld or reduced by higher authorities through no fault of the procuring entity; or
- **d)** Any circumstance analogous to the foregoing.

Also see Appendix 4 of the revised IRR which embodied the Guidelines on Termination of Contracts approved by the GPPB in Resolution No. 018-2004, dated December 22, 2004.

# 18.3 EFFECTS OF TERMINATION FOR INCONVENIENCE ON PENDING DELIVERIES

The goods that are complete and ready for shipment within thirty (30) days after the supplier's receipt of notice of termination shall be accepted by the Procuring Entity at the contract terms and prices. For the remaining goods, the Procuring Entity may elect:

- a) To have any portion completed and delivered at the contract terms and prices; and/or
- b) To cancel the remainder and pay to the supplier an agreed amount for partially completed Goods and for materials and parts previously procured by the supplier.

If the Supplier suffers loss in its initial performance of the terminated contract, such as purchase of raw materials for Goods specially manufactured for the Procuring Entity which cannot be sold in the open market, it shall be allowed to recover partially from the contract, on a quantum meruit basis. The fact of loss must be established before recovery may be made.

### 18.4 ASSIGNMENT TO A THIRD PARTY

As a general rule, the supplier may not assign the contract, or any of its rights or obligations arising from the contract, to a third party, except with the Procuring Entity's prior written consent.

### 18.5 ASSIGNMENT OF CONTRACTUAL OBLIGATIONS AND THE ENTRY OF NON-BIDDERS INTO THE PROCUREMENT PROCESS

Assignment of contractual obligations or the contract itself may generally not be done because this will enable a non-bidder to become a party to the contract. This arrangement will make a mockery of the public bidding process, so that one who was not declared eligible to bid and did not participate in the bidding process will end up as the contract awardee, although indirectly.

Moreover, assignors will only add to the number of parties that the procuring entity has to deal with, thereby complicating contract implementation. This could also be a problem if litigation becomes necessary to enforce the contract.

### 19. TERMINATION FOR UNLAWFUL ACTS

The Procuring Entity may terminate the contract in case it is determined *prima facie* that the Supplier/Contractor/Consultant has engaged, before or during the implementation of the contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to, the following:

- a) Corrupt, fraudulent, collusive and coercive practices;
- **b)** Drawing up or using forged documents;
- c) Using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and
- **d)** Any other act analogous to the foregoing.

### 20. BLACKLISTING

The blacklisting of suppliers must conform to the GPPB Guidelines issued for this purpose. As such, reference should be made to the Uniform Guidelines for Blacklisting of Manufacturers, Suppliers, Distributors, Contractors and Consultants, approved by the GPPB in Resolution 09-2004, dated August 20, 2004.

# 21. OTHER ESTABLISHED GUIDELINES IN THE PROCUREMENT OF GOODS AND SERVICES

# 21.1 LEASE OF COMPUTERS, COMMUNICATIONS, INFORMATIONS, AND OTHER EQUIPMENT

Contracts for lease of construction and office equipment, including computers, communication and information technology equipment, are subject to the same public bidding and procurement procedures as prescribed in R.A. 9184, the revised IRR and this Volume 2. (Please refer also to Joint Memorandum Circular No. 2002-01 issued by the National Computer Center and the DBM, which provides the policies, rules and regulations on lease of IT equipment. Also, reference may be made to Department Order No. 188 (dated September 28,1999) and Department Order No. 219 (dated August 14, 2003), issued by the Department of Public Works and Highways, governing the lease of construction equipment).

# 21.2 WATER, ELECTRICITY, TELECOMMUNICATIONS AND INTERNET SERVICE PROVIDER

Contracts for the procurement of water, electricity, telecommunication services and internet service providers are governed by GPPB Resolution 19-2006 which became effective on 09 April 2006 can also be found in Appendix 13 of Handbook on Philippine Government Procurement, Fifth Edition

### 21.3 LEASE OF PRIVATELY-OWNED REAL ESTATE

Appendix 7 of the Handbook on Philippine Government Procurement, Fifth Edition, provides for the set of rules and procedures in entering into contracts for lease of privately-owned real estate and venue by government agencies for official use, which was issued through GPPB Resolution No. 08-2009 dated 03 November 2009, published in the Daily Tribune on 2 December 2009.

### 21.4 SECURITY AND JANITORIAL SERVICES

Appendix 14 of the Handbook on Philippine Government Procurement, Fifth Edition, provides for the guideline in the procurement of general services particularly non-personal or contractual services such as security and janitorial services which was issued through GPPB Resolution 024-2007, dated September 28, 2007 and published in the Manila Times on 26 October 2007.

### 21.5 EXTENSION OF CONTRACTS FOR THE GENERAL SUPPORT SERVICES

Appendix 17 of the Handbook on Philippine Government Procurement, Fifth Edition, provides for the guidelines in the extensions of contracts for general support services which was issued through GPPB Resolution 023-2007, dated 28 September 2007 and published in the Manila Times on 26 October 2007.

# **SECTION 7**

# OTHER PERTINENT GPPB GUIDELINES

## OWNED REAL ESTATE AND VENUE

#### 1. LEGAL REFERENCE

Appendix 7 of the revised IRR, as issued through GPPB Resolution No. 08-2009 dated 03 November 2009, as attached in the Handbook on Philippine Government Procurement Fifth Edition

#### 2. PURPOSE

The Guidelines on Lease of Privately-Owned Real Estate and Venue (the "Guidelines") shall set forth the rules and procedures in entering into contracts for lease of privately-owned real estate and venue by government agencies for official use pursuant to Section 53.10 of the Implementing Rules and Regulations of Republic Act 9184.

#### 2.1 SCOPE AND APPLICATIONS

The Guidelines shall apply to national government, its branches, constitutional offices, departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or –controlled corporations, government financial institutions, and local government units. It shall not apply to lease of government properties for private use.

#### 3. DEFINITION OF TERMS

#### 3.1. COST-BENEFIT ANALYSIS

Refers to a tool used to aid decision-making by evaluating the benefits to be attained from an action against the costs for its implementation. For purposes of these Guidelines, the cost-benefit analysis should consider, among others, the costs for the transfer to, furnishing, and/or maintenance of the real estate, and include a market analysis of prevailing lease rates within the vicinity of the selected location.

#### 3.2. LESSEE

Refers to any government agency temporarily occupying a real estate on the basis of a contract executed with the private individual, partnership, cooperative, association, or corporation having absolute ownership over such real estate.

#### 3.3. LESSOR

Refers to any private individual, partnership, cooperative, association, or corporation having absolute ownership over the real estate or venue to be leased.

#### 3.4. REAL ESTATE

Refers to land and buildings, including office spaces or units.

#### 3.5. RENTAL RATE

Refers to the amount paid by the Lessee for the use and/or occupancy of the privately-owned real estate to the Lessor, where payment is usually made on a monthly basis.

#### 3.6. **VENUE**

Refers to training centers, convention halls, hotels, and similar establishments catering to trainings, seminars, conferences, conventions, symposia and similar gatherings requiring the official participation of government officials and employees. This may include meals and accommodation depending on the requirements of the procuring entity.

#### 4. GUIDING PRINCIPLES

- **4.1.** It is more preferred that government agencies lease publicly-owned real estate and venue from other government agencies.
- 4.2. The location of the real estate or venue to be leased should have been meticulously selected by the procuring entity after taking into consideration, among others, the need for prudence and economy in government service and the suitability of the area in relation to the mandate of the office, and its accessibility to its clients. In the lease of venue, other factors such as the nature of the event or the level of security in the proposed location can also be taken into account.

- 4.3. As a general rule, rental rates are considered reasonable when they represent or approximate the value of what the Lessee gets in terms of accommodation, facility, amenities, and convenience from the leased real estate or venue, and the Lessor gets an equitable return of capital or investment.
- **4.4.** Rental rates should also be within the prevailing market rates for lease of real estate or venue with the same or similar condition or classification and located within the vicinity.
- **4.5.** The procuring entity shall ensure that the objectives and purpose of the lease contract do not constitute an unnecessary, excessive, extravagant, or unconscionable expenditure.

#### 5. PROCEDURAL REQUIREMENTS

- **5.1.** The end user unit shall conduct a Cost-Benefit Analysis to assess the feasibility of leasing a privately-owned real estate or venue as against purchasing or leasing from a government-owned real estate or venue.
- **5.2.** The recommendation of the end user unit to lease a privately-owned real estate or venue shall also indicate the proposed location/s, the justifications therefor, and the result of the market analysis of the prevailing rates of lease contracts within the vicinity of the selected location/s.
- 5.3. The Approved Budget for the Contract shall be set using the mid point of the range obtained from the results of the market analysis on the prevailing lease rates for real estates or venue within the vicinity of the selected location complying with the criteria and technical specifications of the end user unit. In no case shall the rental rates, including additional expenses, such as association dues in the case of lease of real estate, exceed the ABC.
- 5.4. The Annual Procurement Plan of the procuring entity shall reflect the proposed lease of real estate or venue specifying the approved mode of procurement, the ABC, and the general description of the lease.

- **5.5**. Selection of the Lessor following the procedures prescribed in Items 6 and 7 of these Guidelines may be delegated to the appropriate bureau, committee, or support unit duly authorized by the Bids and Awards Committee.
- **5.6.** Eligibility documents need not be submitted by prospective Lessors. The procuring entity must nevertheless validate whether the Lessor to be awarded the contract is technically, legally and financially capable through other means.
- 5.7. All lease contracts with ABCs costing more than Fifty Thousand Pesos (Php 50,000.00) shall be posted in the Philippine Government Electronic Procurement System.

#### 6. SPECIFIC GUIDELINES: LEASE OF REAL ESTATE

- **6.1.** The draft contract and the technical specifications for the lease shall be prepared taking into consideration the rating factors under Appendix A of these Guidelines.
- **6.2.** Thereafter, at least three (3) prospective Lessors shall be invited to submit sealed price quotations.
- 6.3. On a specified date, submitted price quotations shall be opened to determine the Lowest Calculated Bid. The real estate being offered by the Lessor with the LCB shall be rated in accordance with the technical specifications prepared pursuant to Appendix A of the revised IRR, and the reasonableness of its price quotation shall be determined in accordance with the methodology prescribed.
- 6.4. If the LCB is determined to be responsive and reasonable, said bid shall be declared as the Lowest Calculated Responsive Bid. If not, then the second LCB shall be evaluated and its reasonableness determined pursuant to Item 6.3 of these Guidelines. This procedure shall be repeated for the next LCB until the LCRB is determined.
- 6.5. Lease contract shall be awarded to the LCRB. If no LCRB has been determined, then another round of prospective Lessors shall be invited to submit sealed price quotations in accord with Item 6.2 of these Guidelines until an LCRB has been determined and awarded the contract.

#### 7. SPECIFIC GUIDELINES: LEASE OF VENUE

- **7.1.** Technical specifications shall be prepared taking into consideration the rating factors prescribed.
- **7.2.** Once technical specifications have been finalized, at least three (3) price quotations shall be obtained within the vicinity of the selected location.
- 7.3. The venue being offered by the Lessor with the LCB shall then be rated in accordance with the technical specifications prepared pursuant to Appendix C. Compliance rating with technical specifications may be conducted through ocular inspection, interviews, or other forms of due diligence.
- 7.4. If the LCB is determined to be responsive, said bid shall be declared as the LCRB. If not, then the second LCB shall be evaluated and its responsiveness determined pursuant to Item 7.3 of these Guidelines. This procedure shall be repeated for the next LCB until the LCRB is determined.

#### 8. TERMS AND CONDITIONS OF LEASE CONTRACTS

- **8.1.** The procuring entity shall ensure that the lease contract provides the most advantageous terms and conditions to the Government.
- **8.2.** Lease contracts may be entered into on a multi-year basis, subject to the application of any set of guidelines that governs multi-year contracts.

#### **APPENDIX A**

### TABLE OF RATING FACTORS FOR LEASE OF REAL ESTATE

	RATING FACTORS	WEIGHT (%)	RATING
I.	Location and Site Condition		
	1. Accessibility	(25)	
	Topography and Drainage	(20)	
	Sidewalk and waiting shed	(15)	
	4. Parking space	(15)	
	5. Economic potential	(10)	
	6. Land classification, utilization, and assessment	(10)	
	7. Other added amenities	(5)	
		100	
II.	Noighborhood Date		
III.	Neighborhood Data  1. Prevailing rental rate	(20)	
	Prevailing rental rate     Sanitation and health condition	(20)	
		(20)	
	3. Adverse influence	(15)	
	4. Property utilization	(15)	
	5. Police and fire station	(15)	
	6. Cafeterias	(10)	
	7. Banking/postal/telecom	(5)	
		100	
III.	Real Estate		
	Structural condition	(30)	
	2. Functionality	,	
	a. Module	(6)	
	b. Room arrangement	(6)	
	c. Circulation	(6)	
	d. Light and ventilation	(6)	
	e. Space requirements	(6)	
	3. Facilities	( )	

a.	Water supply and toilet	(6)
b.	Lighting system	(6)
C.	Elevators	(6)
d.	Fire escapes	(6)
e.	Fire fighting equipment	(6)
4.	Other requirements	
a.	Maintenance	(5)
b.	Attractiveness	(5)
		100

	RAT	ING FACTORS	WEIGHT (%)	RATING
IV.	Free	e Services and Facilities		
	1.	Janitorial and security	(20)	
	2.	Air conditioning	(20)	
	3.	Repair and maintenance	(20)	
	4.	Water and light consumption	(20)	
	5.	Secured parking space	(20)	
			100	

l.	Location and Site Condition	× (.20) =		
II.	Neighborhood Data	× (.20) =		
III.	Real estate	× (.50) =		
IV.	Free Services and Facilities	× (.10) =		
FAC	FACTOR VALUE			

**Note:** Weight of each rating factor may be changed as long as total weight per classification is equivalent to 100. Figures in parenthesis are samples. Procuring entity must determine passing rate before inviting bids from Lessors. A bid is determined to be responsive if it is equal to or higher than the passing rate.

#### APPENDIX B

#### DETERMNATION OF REASONABLENESS OF RENTAL RATES

- 1. The reasonableness of rental rates may be determined using any of the following methods.
  - 1.1. Computation based on Observed Depreciation

This method uses the following formula and a depreciation rate determined after meticulous ocular inspection of the actual condition of the real estate:

Reproduction Cost	=	Estimated Unit Construction Cost × (1 -		
		Depreciation Rate)		
Formula Rate	=	Reproduction Cost × Monthly Capitalization Rate		
Rental Rate	=	= Formula Rate × Factor Value		
Monthly Rental	=	Rentable Area × Rental Rate		

1.1.1. The following weights may be used in arriving at the observed depreciation rate:

Status	Depreciation (%)
Good	20
Fair	40
Poor	60
Very poor	80

- 1.1.2. Reproduction Cost refers to the estimated total cost of replacing the real estate with the same utility.
- 1.1.3. Capitalization Rate refers to the interest rate on the cost or value of the property.
- 1.1.4. Rentable Area refers to the total area of the real estate in square meters being occupied or to be occupied by the Lessee less the common area like lobby, stairway, elevator hall, common comfort room, machine room for air conditioner, and other areas of common use by the public or upper floor occupants.
- 1.1.5. Factor Value refers to the rating factor where locations and site conditions, neighborhood data and real estate structural condition, functionality, facilities and other requirements, including free services and facilities offered by the Lessor are

considered. The rating factors and its corresponding weights are provided in Appendix A of these Guidelines.

1.2. Computation based on Straight Line Depreciation

This method uses the following formula:

Age of Real	=	Current Year – Year of Construction
Estate		
Depreciation	=	Please See Table of Structural Depreciation
Rate		
Reproduction	=	Estimated Unit Construction Cost × (1 – Depreciation Rate)
Cost		
Formula Rate	=	Reproduction Cost × Monthly Capitalization Rate
Rental Rate	=	Formula Rate × Factor Value
Monthly	=	Rentable Area × Rental Rate
Rental		

1.2.1. Depreciation rate shall be determined using the following Table of Structural Depreciation provided by the DPWH:

AGE	ESTIMATED LIFE OF REAL ESTATE				
	WOODEN FRAME	SEMI-CONCRETE (60 years)	REINFORCED CONCRETE	STRUCTURAL REINFORCED	
	(40 years)		(75 years)	(100 years)	
	Percentage (%	) of estimated life			
1	3	2.5	2	1.5	
2	6	4.5	3.8	2.8	
3	8.9	6.9	5.6	4.2	
4	11.7	9	7.4	5.5	
5	14.5	11.1	9.1	6.7	
6	17.2	13.1	10.7	8.1	
7	19.8	15.1	12.3	9.3	
8	22.4	17	13.9	10.5	
9	25	18	15.5	11.8	
10	27.5	20.7	17.9	13	

11	29.9	22.5	18.5	14.2
12	32.2	24.5	20	15.3
13	34.5	26.6	21.4	16.4
14	36.8	27.7	22.8	17.5
15	39	29.3	24.3	18.6
20	49.1	37	30.8	24.8
25	57.7	43.8	36.8	29
30	65	50	42.4	33.6
35	70	55.6	47.5	38
40	75	60.6	52.2	42.1
45		65	56.5	46
50		68.9	60.5	49.6
55		72.3	64.1	53.1
60		75	67.3	56.3
65			70.3	59.3
70			73	62
75			75	64.5
80				67
85				69.3
90				71.4
95				73.3
100				75

- 1.2.2. Construction Cost refers to the estimated prevailing cost of construction per square meter of the real estate being appraised. The respective Estimated Unit Construction Cost of types of real estate for each region may be obtained from the Bureau of Maintenance of the DPWH.
- 1.2.3. Reproduction Cost, Capitalization Rate, Rentable Area and Factor Value shall have the same meaning as those referred Items 1.1.2 to 1.1.5.

#### 1.3. Comparative Market Price Analysis

This method is based on the conduct of comparative market analysis on the prevailing lease rates for real estates within the vicinity of the selected location complying with the criteria and technical specifications of the procuring entity. In the lease of vacant lot or other land spaces, the procuring entity shall likewise consider the zonal valuation issued by the city or municipality having jurisdiction over the property.

- 2. If the price quotation of the prospective Lessor does not exceed the computed monthly rental or is within the prevailing market rates, the rental rate offered may be regarded as reasonable, and its quotation may then be considered for award.
- 3. Sample Computations for Observed Depreciation and Straight Line Depreciation:

A 5-storey office building made of reinforced concrete structure with mechanical equipment, i.e., elevator, air conditioning system, etc.

Date of Construction	1987	
Estimated Unit Construction Cost	P25,000/sq.m	
Depreciation	20% (Good condition)	
Capitalization Rate	20% (Variable based on bank rate)	
Factor Value	90% (Based on rating)	

#### COMPUTATION BASED ON OBSERVED DEPRECIATION

Reproduction Cost	=	Estimated Unit Construction Cost × (1 – Depreciation Rate)
	=	P25,000/sq.m. (1 – 0.20)
	=	P20,000/sq.m.
Formula Rate	= = =	Reproduction Cost × Monthly Capitalization Rate 20,000 (0.20/12) = 20,000 (0.0167) P334/sq.m./mo.
Rental Rate	=	Formula Rate × Factor Value P334 (0.90) 300.60/sq.m./mo. say 300/sq.m.
Rentable Area	=	200.00 sq.m.
Monthly Rental	=	Rentable Area × Rental Rate 200/sq.m. × P300/sq.m./mo.
	=	P60,000.00/mo.

#### **COMPUTATION BASED ON STRAIGHT LINE DEPRECIATION**

Age of Real estate = Current Year – Year of Construction

= 2007 – 1987

20 years

Depreciation Rate = See Appendix B for the Table of Structural Depreciation

Reproduction Cost = Estimated Unit Construction Cost × (1 – Depreciation Rate)

= P25,000/sq.m. (1 - 0.248)

= P18,800/sq.m.

Formula Rate = Reproduction Cost × Monthly Capitalization Rate

= P18,800 (0.20/12) = 18,800 (0.0167)

= P313.96/sq.m./mo.

Rental Rate = Formula Rate × Factor Value

= P313.96 (0.90) P282.56/sq.m./mo. say

P285.00/sq.m.

Rentable Area = 200.00 sq.m.

Monthly Rental = Rentable Area × Rental Rate

= 200 sq.m. × P285.00/sq.m.

= P57,000.00/mo.

#### **APPENDIX C**

#### TABLE OF RATING FACTORS FOR LEASE OF VENUE

	RATING FACTORS	WEIGHT (%)	RATING
I.	Availability	100	
II	Location and Site Condition		
	1. Accessibility	(50)	
	2. Parking space	(50)	
		100	
III.	Neighborhood Data		
	Sanitation and health condition	(25)	
	2. Police and fire station	(25)	
	3. Restaurant	(25)	
	4. Banking and Postal	(25)	
		100	
IV.	Venue		
	a. Structural condition	(20)	
	b. Functionality		
	a. Conference Rooms	(10)	
	b. Room arrangement (e.g., single, double, etc.)	(5)	
	c. Light, ventilation, and air conditioning	(5)	
	d. Space requirements	(5)	
	c. Facilities		
	a. Water supply and toilet	(4)	
	b. Lighting system	(5)	
	c. Elevators	(4)	
	d. Fire escapes	(4)	
	e. Fire fighting equipment	(4)	
	f. Internet and Telecommunications	(4)	
	g. Audio visual equipment	(5)	
	d. Other requirements		
	a. Maintenance	(5)	

b. Attractiveness	(5)	
c. Security	(5)	
e. Catering Services	(5)	
f. Client's satisfactory rating	(5)	
	100	

	RATING FACTORS	WEIGHT (%)	RATING
I.	Availability	X (.5) =	
II.	Location and Site Condition	X (.1) =	
III.	Neighborhood Data	X (.05) =	
IV.	Venue	X (.35) =	
FAC	FOR VALUE		

**Note:** Weight of each rating factor may be changed as long as total weight per classification is equivalent to 100. Figures in parenthesis are samples. Procuring entity must determine passing rate before inviting bids from Lessors. A bid is determined to be responsive if it is equal to or higher than the passing rate.

# GUIDELINES ON NON-GOVERNMENTAL ORGANIZATION PARTICIPATION IN PUBLIC PROCUREMENT

#### 1. LEGAL BASIS

Appendix 8 of the revised IRR, as issued through GPPB Resolution 012-2007 dated 29 June 2007, in the Handbook on Philippine Government Procurement Fifth Edition

#### 2. POLICY STATEMENT

Section 23, Article II of the Philippine Constitution prescribes that the State shall encourage the participation of Non-Governmental Organizations, community-based, or sectoral organizations in the promotion of the welfare of the nation.

As a general rule, all procurement shall be done through competitive public bidding. However, when an appropriation law earmarks an amount for projects to be specifically contracted out to NGOs, it is the intent of Congress to give due preference to NGOs.

#### 3. SCOPE AND APPLICATION

These guidelines prescribe the allowable modes of selecting an NGO in case an appropriation law or ordinance specifically earmarks an amount for projects to be specifically contracted out to NGOs.

These guidelines shall apply to national government, its branches, constitutional offices, departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions, and local government units.

#### 4. PURPOSE

These guidelines are formulated to meet the following objectives:

4.1 If the procuring entity decides to conduct public bidding, to prescribe the rules and procedures that shall govern public bidding limited to NGOs; and

4.2 If the procuring entity decides to enter into negotiated procurement under Section 53.11 of the revised IRR of R.A. 9184, to provide the necessary steps and procedures in the selection of the NGO.

#### 5. GENERAL GUIDELINES

- When an appropriation law or ordinance specifically earmarks an amount for projects to be specifically contracted out to NGOs, the procuring entity may select an NGO through competitive public bidding or Negotiated Procurement (NGO Participation) under Section 53.11 of the revised IRR of R.A. 9184.
- 5.2 A Non-Governmental Organization refers to a non-stock, non-profit domestic corporation duly registered with the Securities and Exchange Commission or a cooperative duly registered with the Cooperative Development Authority committee to the task of socio-economic development and established primarily for providing goods and services to the public.
- 5.3 The selected NGO shall keep and maintain separate savings account and accounting records in accordance with generally accepted accounting rules and principles, subject to visitorial audit and examination by the procuring entity or the Commission on Audit.
- 5.4 Unless otherwise provided by law, technical specifications prescribed for the School Building Program under the Department of Education shall be the same as those prescribed by the Department of Public Works and Highways.
- For the erasure of doubt, the NGO, whether selected through public bidding or negotiated procurement, shall be required to post a performance security in accordance with Section 39 of the revised IRR of R.A. 9184 and a warranty in accordance with Section 62 of the revised IRR of R.A. 9184.

#### 6. PUBLIC BIDDING LIMITED TO NGOs

6.1 If the procuring entity decides to select the NGO through competitive public bidding, it shall advertise and post the Invitation to Bid in accordance with Section 21.2.1 of the revised IRR.

- In addition to the information enumerated under Section 21.1 of the revised IRR, the Invitation to Bid shall also include (i) the legal basis or appropriation law or ordinance which earmarks a specific amount or project to NGOs; and (ii) a statement that the project shall be limited to NGOs.
- 6.3 The determination of an NGO's eligibility shall be based on the submission of the documents enumerated under the revised IRR of R.A. 9184.
- 6.4 In lieu of the registration certificate issued by the Securities and Exchange Commission, a cooperative may submit a registration certificate issued by the Cooperatives Development Authority;
- In addition to the legal eligibility documents, a participating NGO must submit its latest articles of incorporation in order that the procuring entity may determine that it falls within the definition of NGO under Item 4.2 of these Guidelines;
- 6.6 To establish the financial stability of the participating NGO, audited financial statements for the past three (3) years must be submitted under Section 23.1 (a) (v) of the revised IRR;
- Participating NGOs need not submit the financial document prescribed under Section 23.1 (a) (vi) of the revised IRR.

Other stages of the bidding process shall be observed in accordance with the relevant provisions of the revised IRR of R.A. 9184.

#### 7. NEGOTIATED PROCUREMENT (NGOs PARTICIPATION) UNDER SECTION 53 .11

- 7.1 To ensure transparency in the selection of NGO through negotiated procurement, posting of award shall be undertaken at the PhilGEPS website, website of the procuring entity concerned and at any conspicuous places in the premises of the procuring entity concerned.
- **7.2** The procuring entity shall invite at least three (3) prospective NGOs to submit sealed price quotations.

- 7.3 The procuring entity shall likewise require submission of the complete project proposal together with supporting feasibility studies, designs, plans, blueprints, budgets and charts.
- 7.4 On the date specified in the notice, the procuring entity shall open the price quotations and determine the LCB. Consistent with the nature of an NGO, no profit should be included in its bid. Thus, the procuring entity shall ensure that the LCB does not include any profit margin or mark-up.
- 7.5 After determination that the proposal submitted by the NGO with the Lowest Calculated Bid complies with the technical requirements of the project, the procuring entity shall require submission of the following eligibility documents to ensure that said NGO is technically, legally, and financially capable to undertake the proposed project:

#### Legal Documents

- (a) SEC or CDA registration certificate;
- **(b)** Latest articles of incorporation; and,
- (c) Valid and current mayor's permit/municipal license;

#### **Technical Documents**

- (d) Statement of all its ongoing and completed government and private contracts within the relevant period, where applicable, including contracts awarded but not yet started, if any in accordance with Section 23.1 (a) (iii) of the revised IRR of R.A. 9184; and
- (e) In the case of procurement of infrastructure projects, the prospective bidder's statement of:
  - e.1 Availability of its key personnel, such as project managers, project engineers, materials engineers and foremen, that may be used for construction contracts:

- e.2 Personnel performing functions that are regulated by laws of the Philippines are registered professionals authorized by the appropriate regulatory body to practice those and allied professions
- e.3 Availablity of equipment that it owns, has under lease, and/or has under purchase agreements that may be used for construction contracts, provided that ownership of equipment is not a requisite for eligibility.

#### Financial Documents

- (f) Audited financial statements for the past three (3) years, stamped "received" by the BIR or its duly accredited and authorized institutions, for the immediately preceding calendar year, showing, among others, its total and current assets and liabilities.
- **7.6** After submission of the eligibility documents, the procuring entity shall enter into a Memorandum of Agreement with the NGO which prescribes:
  - (a) the terms of reference for the project
  - (b) commitment to comply with technical requirements of the project
  - (c) systems and procedures for project monitoring and implementation
  - (d) timelines, such as, but not limited to, date of completion, periodic inspection or evaluation schedule, and reporting
  - (e) terms of payment, which shall be in accordance with Item 7 herein
- 7.7 To guarantee its faithful performance, the selected NGO shall post a Performance Security upon the signing of the MOA in accordance with Section 39 of the revised IRR-A.
- **7.8** After performance of its obligations under the MOA, the selected NGO shall likewise submit a warranty security in accordance with Section 62 of the revised IRR-A.

#### 8. TERMS OF PAYMENT

- **8.1** Payment to the NGO shall be made on a staggered basis. As a general rule, the selected NGO shall not receive additional payment unless reporting/liquidation requirements of the previous payment shall have been complied with.
- **8.2** Release of funds to the NGO shall follow the payment schedule prescribed by the MOA or contract.
- **8.3** No funds may be released prior to signing of the MOA or contract.
- **8.4** The selected NGO shall return any amount not utilized upon completion of the project.

### REVISED GUIDELINES FOR CONTACT PRICE ESCALATION

#### 1. LEGAL REFERENCE

Appendix 9 of the revised IRR

#### 2. SCOPE AND APPLICATION

- 2.1 These Guidelines shall govern request for price escalation during implementation of contracts for the procurement of goods and infrastructure projects under extraordinary circumstances pursuant to and in accordance with Section 61 of RA 9184, otherwise known as "Government Procurement Reform Act" and its Revised Implementing Rules and Regulations. No contract price for consulting services shall be allowed.
- 2.2 These Guidelines shall apply to all branches, constitutional commissions and offices, agencies, departments, bureaus, offices, and instrumentalities of the Government, Government Financial Institutions, State Universities and Colleges, and Local Government Units.

#### 3. PURPOSE

These Guidelines are being formulated to meet the following objectives:

- **3.1** To prescribe the rules and procedures in the approval by the Government Procurement Policy Board of the request for price escalation;
- 3.2 To ensure that the task mandated by Section 61 of RA 9184 shall be undertaken competently, objectively, and expeditiously by the GPPB and the National Economic and Development Council; and
- 3.3 To establish the legal and technical parameters for an objective determination of events that will result to extraordinary circumstances in accordance with the Civil Code of the Philippines.

#### 4. DEFINITION OF TERMS

- **4.1 Price Escalation**. Refers to an increase in the contract price during contract implementation on the basis of the existence of "extraordinary circumstances" as determined by the NEDA and upon prior approval of the GPPB.
- **4.2 Extraordinary Circumstances.** Refer to an event or occurrence, or series of events or occurrences during contract implementation which give/s rise to price escalation as maybe determined by the NEDA, in accordance with the provisions of the Civil Code of the Philippines, as enumerated in Section 4 hereof.
- 4.3 Extraordinary Inflation or Deflation. Refers to the decrease or increase of the purchasing power of the Philippine currency which is unusual or beyond the common fluctuation in the value of said currency, in accordance with the two (2) standard deviation rule computed under Section 5.2.2 of the Guideline, and such decrease or increase could not have been reasonably foreseen or was manifestly beyond the contemplation of the parties at the time of the establishment of the obligation.
- 4.4 Fortuitous Event. Refers to an occurrence or happenings which could not be foreseen, or even if foreseen, is inevitable. It is necessary that the contractor or supplier is free from negligence. Fortuitous events may be produced by two (2) general cause: (1) by nature, such as but not limited to earthquake, storms, floods, epidemics, fires, and (2) by the acts of men, such as but not limited to, armed invasion, attack by bandits, governmental prohibitions, robbery, provided that they have the force of an imposition which the contractor or supplier could not have resisted.
- **4.5 WPI.**\_Refer to the Wholesale Price Index, which measures the monthly changes in the general price level of commodities, usually in large quantities, that flow into the wholesale trading system.
- **4.6 CPI.** Refers to the Consumer Price Index, which measures the monthly changes in the average retail prices of goods and services commonly purchased by a particular group of people in a particular area.

**4.7 PPI.** Refers to the Producer Price Index, which measures the average change in the unit price commodity as it leaves the establishment of the producer.

#### 5. EXTRAORDINARY CIRCUMSTANCES

For the purpose of these Guidelines, the term "extraordinary circumstances" shall refer to the following articles of the Civil Code of the Philippines.

- 5.1 <u>Article 1174</u>, as it pertains to Ordinary Fortuitous Events or those events which ordinarily happen or which could be reasonably foreseen but are inevitable, such as, but not limited to the following:
  - (a) Typhoons;
  - **(b)** Thunderstorms;
  - (c) Flooding of lowly areas; and
  - (d) Vehicular accidents.

Provided that the following requisites are present:

- (i) The cause of the extraordinary circumstances must be independent of the will of the parties;
- (ii) The event must be either unforeseeable or unavoidable;
- (iii) The event must be such as to render it difficult but not impossible for the supplier or contractor to fulfill his obligation in a normal manner or within the contemplation of the parties;
- (iv) The supplier or contractor must be free from any participation in or aggravation of the injury to the procuring entity; and
- (v) The allowance for price escalation should an ordinary fortuitous event occur is stipulated by the parties or the nature of the obligation requires the assumption of risk.

- **5.2 Article 1250.** as it pertains to Extraordinary Inflation or Deflation, as defined in Section 3.3 hereof.
- **Article 1680**, as it enumerates Extraordinary Fortuitous Events or those events which do not usually happen, such as, but not limited to the following:
  - a) Fire;
  - **b)** War;
  - c) Pestilence;
  - **d)** Unusual flood;
  - e) Locusts; and
  - **f)** Earthquake.

Provided that the circumstances before, during and after the event shall be taken into consideration.

#### 6. REVIEW AND APPROVAL PROCESS

In the review and approval process of a request for a price escalation, the requesting procuring entity shall comply with the following conditions before the same can be acted upon:

- **Endorsement.** The head of the procuring entity stating that the request for price escalation to the NEDA, through its Director-General, accompanied by the following documents:
  - a) A certification from the head of the procuring entity stating that the request for the price escalation is justified in accordance with RA 9184, the revised IRR, and the Guidelines;
  - b) A description of the nature of the requested price escalation as well as the identification of the specific legal and technical parameters stated in the Guidelines that have been complied with by the request. For the technical requirements, supporting documents shall contain information in accordance with Section 5.2.2 hereof;

- Certified copy of the original contract including the original scope of work and the original contract price, as awarded;
- d) Original cost estimates and/or bill of materials of the items, goods, or components affected by the request for price escalation and the proposed escalated price thereof, as applicable to the type of contract, including a summary computation by the requesting entity of the proposed escalated prices in accordance with Sections 5.2.2 or 5.3, as deemed applicable; Provided, however, that the procuring entity shall maintain a detailed computation of the proposed price escalation;
- e) Original and, if applicable, revised schedule of contract implementation;
- f) Original request for price escalation submitted by the contractor/supplier to the procuring entity, including information on the quantity of materials/components and/or scope of work being proposed for price escalation;
- g) Data on the price indices of the materials or goods, including the source of data used in the detailed computation of the proposed price escalation as referred to an item (d) above, covering a historical thirty (30)-month period reckoned from the date of bid opening; and
- **h)** Other information/documents as may be required by NEDA/GPPB.
- 6.2 <u>Two-Stage Review Process</u>. The review process shall commence only after the NEDA has acknowledged the completeness of the request in accordance with this Section. A request for price escalation shall only be granted if it satisfies both the First and Second Stage reviews.
  - 6.2.1 <u>First Stage: Legal Parameters</u>. This stage shall establish the legal basis for extraordinary circumstances that will allow contract price escalation. The determination shall strictly be in accordance with the extraordinary circumstances mentioned in Section 4 of the Guideline.

- **6.2.2 Second Stage: Technical Parameters**. After establishing the legal basis under the First Stage review, the request for price escalation shall be further reviewed in accordance with the technical parameters stipulated herein.
  - a) <u>Standard Deviation</u>. The escalation in the price of an item, good, or component, as requested, should at least be two (2) standard deviations from the mean calculated based on the historical trend of applicable price indices covering a historical data of thirty (30)-months reckoned from the date of bid opening. In computing for the standard deviation, the following shall be observed:
    - i. The prevailing monthly price index to be used in computing the mean shall be determined based on the volatility of the price concerned. Data for a locally available good, item, or component shall be those issued/published by the appropriate entity.
    - *ii* In case of an international good, item, or component wherein appropriate data is not available from domestic sources, data shall be those issued/published by the appropriate foreign entity.
    - iii In case of variation orders involving work items exactly the same or similar to those in the original contract, the applicable price indices for said work items prevailing on the date of bid opening of the original contract shall be used.
    - iv In case of variation orders involving new work items, the applicable price indices for said new work items prevailing on the date the variation order was approved shall be used.
  - data for the appropriate price indices such that Section 6.2.2.a above becomes inapplicable, the request for price escalation of an item, good or component shall be reviewed pursuant to this section wherein the subject applicable price index of a request should be registered an increase of more than ten percent (10%), as determined from the prevailing price index on the date of bid opening.

In case there are no applicable price indices for the items, good, or component, the applicable general wholesale price index shall be used.

#### 6.2.3 <u>Detailed Technical Parameters/Applicable Price Indices for Goods.</u>

The detailed computation and validation of price escalation for goods as described in Section 5.2.2 above shall use the most appropriate price index of the commodity group under the three types of price indices, WPI, CPI, and PPI; Provided that, based on availability and applicability, the WPI for the commodity group shall first be utilized, followed by the CPI, and lastly the PPI. The indices for the commodity groups shall be those presented under the Annex A, as classified and issued by the National Statistics Office. For an item, good or component wherein the prevailing price index cannot be established, the review shall be conducted utilizing the most relevant and applicable index.

- 6.2.4 <u>Detailed Technical Parameters/Applicable Price Indices for Infrastructure Projects</u>. The detailed computation and validation of price escalation for infrastructure projects as described in Section 5.2.2 above shall use the fluctuation factor K representing the increase or decrease of the value of an item as a result of price fluctuation.
  - a) The value K varies for each item of work and is represented by the following:

$$K = a + b (X_i/X_o) + c (Y_i/Y_o) + d (Z_i/Z_o) + ... n (N_i/N_o)$$

Where:

a = is a 0.15 fixed coefficient representing contractor's profit, and other non-adjustable items.

b,c,d...n = are the coefficients representing the proportionate value of each pay item to the total. b + c + d ... + n = 0.85

X<sub>i</sub>, Y<sub>i</sub>, Z<sub>i</sub>,...N<sub>i</sub> = are variables representing the current price indices of the cost of labor, materials, and other components of the contract during the period of consideration at the time of

the request for price escalation, based on the original or duly approved revised schedule of contract implementation, subject to Section 8 hereof.

X<sub>o</sub>, Y<sub>o</sub>, Z<sub>o</sub>,...N<sub>o</sub> = are variables representing the current price indices of the cost of labor, materials, and other components of the contract on the date of the bid opening or approval of variation order.

The sum of a + b + x + ...n must be equal to 1 (100%)

- b) The fluctuation factor and its application in the parametric formula shall include, among others, those listed in Annex B.
- 6.3 <u>Amount of Price Escalation to be Granted</u>. After this determination, the amount of escalation to be granted in the case of goods should only be the remaining amount over and above the thresholds as computed under Section 6.2.2.a or 6.2.2.b hereof. In the case of infrastructure projects, the amount to be granted shall be determined based on the following:

Where 
$$K > 1.05$$
  $P = P_o (K - 0.05)$  Where  $0.95 \le K \le 1.05$   $P = P_o$  Where  $K < 0.95$   $P = P_o (K + 0.05)$ 

Where P - escalated bid/unit price Po - original bid/unit price K - fluctuation factor

6.4 Period and Frequency of Request for Price Escalation. Request for price escalation shall only be made to cost items already incurred by the contractor/supplier, as supported by official receipts, sales invoice, or other documentary evidence. No request for price escalation shall be made for prospective application. Further, price escalation shall only be granted to those items included in a specific request; provided further, that the requests for price escalation shall be made not less than six (6) months reckoned from the date of effectivity of the contract, and not less than six (6)-month period thereafter, except for price escalation being requested at the completion of the contract

- **Misrepresentation.** Any misrepresentation made by the procuring entity or the contractor/supplier in any stage of the processing of a particular request for price escalation shall cause the automatic denial/disapproval of said claim.
- 6.6 <u>Recommendation/Approval</u>. Pursuant to Section 61.3 of the revised IRR of RA 9184, the burden of proving the occurrence of extraordinary circumstances that will follow for price escalation shall rest with the procuring entity requesting for such escalation. NEDA shall only respond to such request after receiving the necessary proof and documentation. Upon completion of its review pursuant to Section 6.2 hereof, NEDA shall submit its recommendation to the GPPB for appropriate action. The GPPB shall then approve/act upon the request for price escalation during one of its meetings, to be attended by the head of the procuring entity concerned or his duly authorized representative/s.

#### 7. REVIEW OF CONTRACT PRICES AFTER COMPLETION OF THE CONTRACT

Upon the completion of the contract, the procuring entity shall calculate the amount of price escalation supposedly due to the contractor/supplier/consultant to consider likewise any downward movement in prices during the entire contract implementation period. If the resulting amount of price escalation is lower than the amount of price escalation already paid, the amount of overpayment shall be deducted by the procuring entity from the retention of money, in case of infrastructure projects, or the warranty security, in case of goods, on or before its expiration.

#### 8. AUTHORITY TO APPROVE CONTRACT PRICE ESCALATION

- **8.1** The HOPE shall not pay any contract price escalation until after the GPPB has approved the claim.
- 8.2 The approval by the GPPB of the request for the contract price escalation shall in no way be construed as an approval or validation of any irregularity committed by the requesting entity during the procurement process.

#### 9. OTHER CONDITIONS FOR APPROVAL

- 9.1 In case the project is behind schedule based on the approved Project Evaluation Review Technique/Critical Path Method network or schedule, price escalation on the portion of work that should have been, but was not, actually accomplished within the period in which it should have been accomplished. Payment of the computed amount shall not be made until said unaccomplished portion of the work is completed and upon prior approval of the GPPB and the head of the procuring entity.
- **9.2** Where advance payment has been made, no price escalation shall be granted for the following:
  - a) That portion of the work accomplished during the period corresponding to a value equal to the amount of recoupment of advance payment; and
  - b) The amount of materials for which advance payment was made.

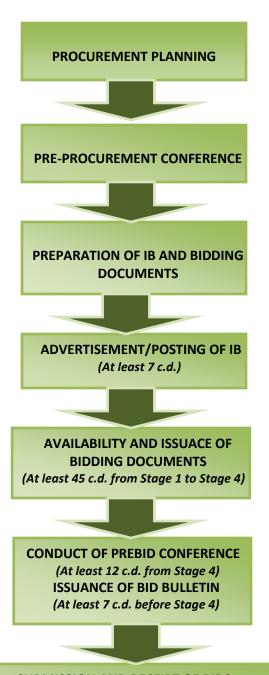
#### 10. AMENDMENT AND ADDENDA

The GPPB may amend the Guidelines as may be necessary. Nevertheless, the GPPB may formulate supplemental guidelines in the form of addenda or annexes for the review process as stipulated in Section 6.2 of the revised IRR without need of amending the Guidelines.

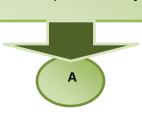
#### **SECTION 8**

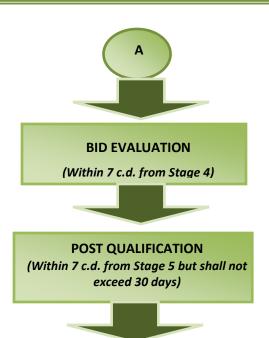
# ACTIVITIES AND TIMELINES FOR THE PROCUREMENT OF GOODS

#### GENERAL FLOW CHART FOR THE PROCUREMENT OF GOODS AND SERVICES



- 1. SUBMISSION AND RECEIPT OF BIDS
  (Not less than 45 c.d. from Stage 2 on the date, time and place specified in the Bidding Documents)
- 2. OPENING OF BIDS (Within the same day as Step 1)
- 3. SUBMISSION OF ADDITIONAL DOCUMENTARY REQUIREMENTS (At least 3 c.d. from Opening of Bid)





- 1. HOPE'S APPROVAL OF BAC RESOLUTION TO DECLARE LCRB AND RECOMMEND AWARD (Within 7 c.d. from receipt)
- 2. ISSUANCE OF NOA (Same period as Step 1)
- 3. POSTING OF NOA (Within 3 c.d. from issuance of NOA)



PURCHASE ORDER/ CONTRACT PREPARATION AND APPROVAL



- 1. ISSUANCE OF NTP
  (Within 3 c.d. from Stage 8)
- 2. POSTING OF NTP (Within 15 c.d. from Step 1)



CONTRACT IMPLEMENTATION

#### **SECTION 9**

# PERIOD OF ACTION ON PROCUREMENT ACTIVITIES

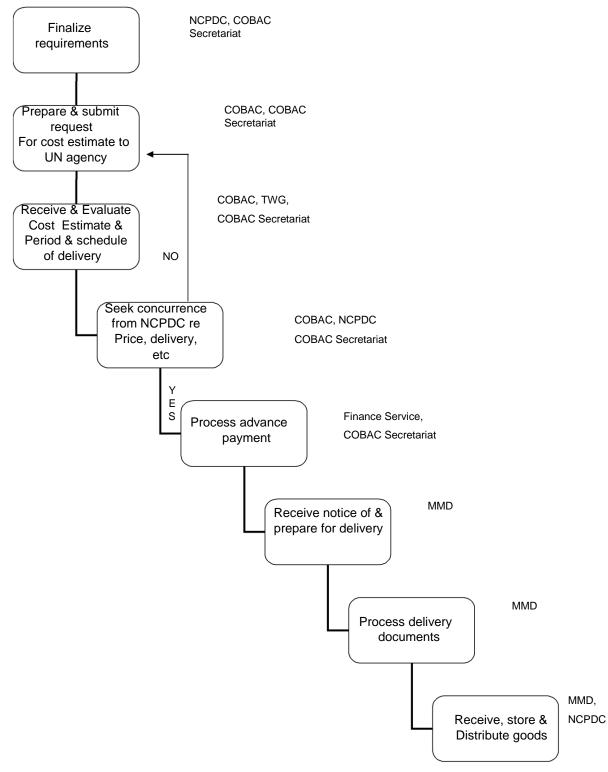
### PERIOD OF ACTION ON PROCUREMENT ACTIVITIES FOR GOODS

	P	ERIOD OF ACTIO	N	
Stage	Activities	Deadline	Latest Allowa ble	Earliest Possible Time
1	Advertisement/ Posting of Invitation to Bid/Request for Expression of Interest		7 cd	7 cd
2	Issuance and availability of Bidding Documents	From 1st day of Stage 1 until Stage 5		
3	Pre-bid Conference	12 cd before Stage 5	1cd	1cd
	Request for Clarification	10 cd before Stage 5		
	Supplemental/Bid Bulletin	7cd before Stage 5		
4	Submission and Receipt of Bids	45 cd from last day of Stage 1 for Goods 50/65 cd from last day of Stage 1for Infrastructure Projects	1 cd (includes opening of bids and eligibility check)	1 cd (includes opening of bids and eligibility check)

		75 cd from the last day of Stage 1 for Consulting Services.		
	Submission of additional requirements	3 cd after Stage 5		
5	Bid Evaluation		7 cd	1 cd
6	Post-qualification		30cd	1cd
7	Approval of Resolution/Issuance of Notice of Awards		7 cd	2cd (1 cd for BAC Resolution and 1 cd for NOA)
8	Contract preparation and signing		10cd	2cd (1 cd for Contract Preparation and 1 cd for Contract Signing)
9	Approval of Contract by higher authority		15cd	1cd
10	Issuance of Notice to Proceed		3cd	1cd
	TOTAL		124cd	28cd

Note: The procurement process from the opening of bids up to the award of contract shall not exceed three (3) months, or a shorter period to be determined by the procuring entity concerned. All members of the BAC shall be on a "jury duty" type of assignment until the Notice of Award is issued by the head of the procuring entity in order to complete the entire procurement process at the earliest possible time.

#### PROCUREMENT THROUGH U.N. AGENCIES



PROCUREMENT ACTIVITY	MAXIMUM NUMBER OF DAYS AS PRESCRIBED IN RA 9184 AND ITS IRR	RESPONSIBLE ENTITY	NECESSARY INPUT	RESPONSIBLE ENTITY	EXPECTED OUTPUT
A. Procurement Planning		1) END USER OR 2) PROJECT MANAGEMENT OFFICER	1) Project Procurement Management Plan 2) Purchase Request 3) Approved Budget of the Contract 4) Certificate of Availability of Funds 5) Clearance from the clearing office.	BUDGET OFFICER (Section 7.3.3)  BAC SECRETARIAT (Section 7.3.4)  HEAD OF PROCURING ENTITY	1) Evaluation and inclusion into the Agency Budget Proposal 2) Consolidation of the PPMP to the Annual Procurement Plan 3) Approval of the APP
B. Pre-Procurement Conference	Prior to the advertisement of IB	1) Participants: END-USERS 2) BAC 3) BAC SECRETARIAT 4) Consultants hired to prepare Bidding Documents	Notices to Pre- procurement Conference     Attendance Sheet	1) Minutes of the Preprocurement Conference 2) Duly signed Attendance Sheet 3) Revised Technical Specification, TOR and detailed engineering, if required.	END-USERS BAC SECRETARIAT
C. Preparation of the Invitation to Bid and Bidding Documents		1) BAC SECRETARIAT 2) TWG or 3) Consultants hired to prepare the Philippine Bidding Documents	1) Duly approved APP 2) Duly approved and signed PR	Invitation to Bid     Philippine     Bidding     Documents	BAC SECRETARIAT

PROCUREMENT ACTIVITY	MAXIMUM NUMBER OF DAYS AS PRESCRIBED IN RA 9184 AND ITS IRR	RESPONSIBLE ENTITY	NECESSARY INPUT	EXPECTED OUTPUT	RESPONSIBLE ENTITY
(1) Advertisement/ Posting of the Invitation to Bid (IB)	Advertisement/ Posting in the following medium for at least seven (7) calendar days;  1)Newspaper of national general circulation 2) PhilGEPS; 3)DOH Procuring Entity website, if available; and 4)Conspicuous place within the DOH Procuring Entity	BAC SECRETARIAT	1) Invitation to Bid 2) Bidding Document 3) Checklist of eligibility requirements for supplier and contractors	1) Newspaper Advertisement 2) Proof of Posting in the PhilGEPS website 3) Certification from the BAC Secretariat of posting in the Procuring Entity's premise	BAC SECRETARIAT
(2) Availability and Issuance of the Bidding Documents	From the time the Invitation to Bid is first advertised/posted until the deadline for the submission and receipt of bids	BAC SECRETARIAT	1) Bidding Documents 2) List of Suppliers 3) Checklist of technical & Financial Envelope requirements for supplier	1)Receipt of Payment of the Bidding Documents 2)List of Bidders who bought the Bidding Documents	BAC SECRETARIAT
(3) Conduct Prebid Conference	Twelve (12) calendar days before Submission and Receipts of bids	Participants:  1) PROSPECTIVE BIDDER 2) BAC 3) BAC SECRETARIAT 4) TWG 5) End-user Unit/PMO 6) Observers	Notice of Pre-bid Conference	Minutes of Pre-bid Conference made available within three (3) calendar days	BAC SECRETARIAT

PROCUREMENT ACTIVITY	MAXIMUM NUMBER OF DAYS AS PRESCRIBED IN RA 9184 AND ITS IRR	RESPONSIBLE ENTITY	NECESSARY INPUT	EXPECTED OUTPUT	RESPONSIBLE ENTITY
Written Request for Clarification	Ten (10) calendar days before the Submission and Receipt of Bids	PROSPECTIVE BIDDER	Written request for Clarification on the Bidding Documents	Written response/ comments	BAC or Appropriate Authority
Issuance of Supplemental/ Bid Bulletins	Seven (7) calendar days before the Submission and Receipts of Bids	BAC SECRETARIAT	Supplemental /Bid Bulletin	Posting 1) PhilGEPS Website 2) Website of the Procuring Entity, if available 3) Conspicuous place within the Procuring Entity's premise 4) Issuance of Supplemental/Bid Bulletin	BAC SECRETARIAT
(4) Submission and Receipt of Bids	Forty-five (45) calendar days after Advertisement/ Posting of IB	Participants:  1)PROSPECTIVE BIDDER 2)BAC	1)Notices of Bid Opening (BAC Members, END-USER,	1) Abstract of Bids as Read 2) Minutes of Bid Opening 3) Duly	BAC BAC SECRETARIAT
Opening of Bids and conduct of Preliminary Examination	One (1) calendar day for the Submission, Receipt, and Opening of bids. Bids are opened immediately after the deadline for Submission and Receipt of Bids.	3)BAC SECRETARIAT 4)OBSERVERS 5)TWG 6)END-USER 7)Observer	TWG) 2) Attendance Sheet Eligibility Requirement Checklist 3) Invitation letters addressed to Observers	accomplished and signed Eligibility Requirement Checklist 4) Notice of Eligibility or Ineligibility and Submission of Additional Requirements	
Submission of Additional Requirement	Three (3) calendar days after Submission and Receipt of Bids.	BAC SECRETARIAT	Notice to submit additional requirements	Submission of the Additional Requirement by the Lowest Calculated Bidder	BAC SECRETARIAT

PROCUREMENT ACTIVITY	MAXIMUM NUMBER OF DAYS AS PRESCRIBED IN RA 9184 AND ITS IRR	RESPONSIBLE ENTITY	NECESSARY INPUT	EXPECTED OUTPUT	RESPONSIBLE ENTITY
(5) Conduct Bid Evaluation and determination of the Lowest Calculated Bid	Must be completed within Seven (7) calendar days from deadline of Receipt of Bid Proposal	BAC SECRETARIAT	1)Notices for the Bid Evaluation BAC/TWG members) 2)Eligible Bid Proposals	1) Bid Evaluation Report 2) Abstract of Bids as Calculated 3) Minutes of the BAC/TWG Evaluation	BAC or TECHNICAL WORKING GROUP
(6) Conduct Post- qualification	Must be completed in not more than Seven (7) calendar days from determination of the Lowest Calculated Bid Extendible to not more Thirty (30) calendar days in exceptional cases.	BAC SECRETARIAT	Notices for Post- qualification (BAC/TWG members)	Post-Qualification     Evaluation Report     Minutes of Post- qualification     Notices of post- qualification or post- disqualification	BAC or TECHNICAL WORKING GROUP BAC SECRETARIAT
(7) Drafting and approval of the Resolution to declare Lowest Calculated Responsive Bid and recommend award	Approval of the Resolution to declare LCRB and recommend award shall not exceed Seven (7) calendar days.	BAC SECRETARIAT	1) BAC Resolution to declare Lowest Calculated and Responsive Bid and recommend award (or BAC Resolution to declare failure of bidding)  2) Abstract of Bids	Approval or disapproval of the BAC Resolution to declare LCRB and recommend award	HEAD OF PROCURING ENTITY

PROCUREMENT ACTIVITY	MAXIMUM NUMBER OF DAYS AS PRESCRIBED IN RA 9184 AND ITS IRR	RESPONSIBLE ENTITY	NECESSARY INPUT	EXPECTED OUTPUT	RESPONSIBLE ENTITY
Issuance of NOTICE OF AWARD (NOA)		BAC SECRETARIAT	1) Notice of Award indicating therein the submission or compliance of the following: JVA within ten (10) c.d. – if applicable, and posting of performance security  2) Notification of the Bidding Results	1) Acceptance (through signing of Conforme by supplier) and posting of performance security 2) Posting of NOA within Three (3) calendar days in the following medium:  (a) PhilGEPS website  (b) Procuring entity's website  (c) Conspicuous place within Procuring Entity's premise.	AWARDED BIDDER BAC SECRETARIAT
(8) Contract Preparation		BAC SECRETARIAT	Contract (Services) or Purchase Order (Goods) drafting/preparation	CONTRACT (SERVICES) OR PURCHASE ORDER (GOODS)	BAC SECRETARIAT

PROCUREMENT ACTIVITY	MAXIMUM NUMBER OF DAYS AS PRESCRIBED IN RA 9184 AND ITS IRR	RESPONSIB L E ENTITY	NECESSARY INPUT	EXPECTED OUTPUT	RESPONSIBL E ENTITY
	Enter into contract with the winning bidder within Ten (10) calendar days after posting of performance security and submission of documentary requirement.	BAC SECRETARIAT	CONTRACT (SERVICES) OR PURCHASE ORDER (GOODS)	Duly approved and signed CONTRACT (SERVICES) or PURCHASE ORDER (GOODS)	AWARDED CONTRACT AND HOPE, Or AUTHORIZED SIGNATORY
Contract Signing	In contract approval by higher authority, the approving authority and his duly authorized representative shall be given a maximum of Fifteen (15) calendar days from receipt thereof for approval or disapproval.				
(9) Issuance of the NOTICE TO PROCEED (NTP)	NTP together with the copy of the approved Contract shall be issued to the successful bidder within Three (3) days.	BAC SECRETARIAT	(1) NOTICE TO PROCEED (2) Approved CONTRACT (SERVICES) or PURCHASE ORDER (GOODS)	Proof of Receipt (Return Card) and/or Proof of Service/Delivery (Registry Receipt or Delivery Receipt ) of the NTP and Approved CONTRACT	BAC SECRETARIAT
Posting of the NTP	Within Fifteen (15) calendar days from issuance of the NTP	BAC SECTERIAT	1) NTP 2) Approved CONTRACT (SERVICES) or PURCHASE ORDER (GOODS)	Posting: 1) PhilGEPS website; or 2)Website of the Procuring Entity.	BAC SECRETARIAT

#### **SECTION 10**

## HEALTH AND HEALTH-RELATED RULES AND GUIDELINES

## AND MEDICINES, MEDICAL EQUIPMENT AND OTHER RELATED HEALTH GOODS

#### 1. PURPOSE, SCOPE AND APPLICATION

The Philippine 1987 Constitution mandates the State to adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people aat affordable cost. It also required to establish and maintain and effective food and drugs regulatory system.

It is the purpose of this guideline to specify the additional requirements for the procurement of drugs and medicines and other related health Goods based on existing laws and regulations. This guideline is therefore in line with the implementation of laws related to promotion, production of an adequate supply, distribution, use and acceptance of various health goods and various DOH issuance to implement such laws and in accordance with its regulatory functions and mandate to ensure the safety, efficacy and quality of various drugs and medicines, medical devices and other health related goods.

#### 2. DEFINITION OF TERMS

- 2.1 Essential Drug List or Philippine National Drug Formulary is the list of drugs prepared and periodically updated by the Department of Health with the Formulary Study Groups namely Formulary Executive Council, the Epidemiology Committees (Clinical Epidemiology and Public Health) and Pharmacology Committee based on the health conditions in the Philippines as well as on internationally accepted standards and criteria. Drug selection is based on burden of disease, efficacy and safety, pharmacoeconomic analysis of drug therapy or treatment regimen and appropriateness to the capability of health workers at various levels. It shall consist of a core list and a complementary list.
  - a) Core List. List of drugs for the health care needs of the majority of the population and therefore should be made available at all times in adequate amounts, appropriate dosage at the lowest possible cost.
  - b) Complementary List. List of drugs for treating rare disorders or for use on exceptional circumstances; alternative drugs when the drugs in the main list are known to be ineffective or inappropriate for a given individual; when drugs in the main list cannot be made available or drugs with special pharmacological properties.

- **2.2 Generic Drugs**. Drugs not covered by patent protection and which are labeled solely by their international non-proprietary or generic name.
- **2.3 Generic Name or Generic Terminology.** Identification of drugs and medicines by their scientifically and internationally recognized active ingredients or by their official generic name as determined by the Food and Drugs Administration (formerly BFAD) of the Department of Health.
- **2.4 Drugs or Medicines** is a finished form that contains the active ingredient(s), generally but not necessarily in association with inactive ingredients used for the prevention, diagnosis and treatment disease and relief of symptomes; Medicine is sometimes preferred name for therapeutic drugs in order to distinguish them from narcotics and other addictive drugs.
- **2.5 Medical Equipment** is a piece of equipment needed to provide health care services. This includes radiological, hospital, diagnostic, laboratory and dental equipment and other related health care equipment.
- 2.6 Certificate of Product Registration is the certificate being issued to a licensed manufacturer, trader, importer or distributor for the purpose of marketing or free distribution of a product after evaluation for safety, efficacy and quality from FDA or Bureau of Health Devices and Technology.
- 2.7 Certificate of Product Listing is the certificate being issued to a licensed manufacturer, trader, importer or distributor for the purpose of distribution and/or sale of cosmetic specialty qualified listing (without pre-market approval) with FDA after evaluation for safety, efficacy and quality from FDA.
- 2.8 Certificate of Good Manufacturing Practice is the current system of quality assurance aimed at ensuring that products are consistently manufactured to a quality appropriate for intended use. It is concerned with both manufacturing and control process and procedures.
- **2.9** License to Operate is a premit or authorization to manufacture/distribute/trade a health product.

#### 3. ADDITIONAL REQUIREMENTS AND PROCEDURES FOR THE PROCUREMENT OF DRUGS AND MEDICINES

#### 3.1 Basis

- **3.1.1** Republic Act 3720, "Food, Drug and Cosmetic Act"
- 3.1.2 Executive Order 175, "An Act to ensure the safety and Purity of Foods and Cosmetics and the Purity, Safety, Efficacy and Quality of Drugs and Devices being made available to the public, vesting the FDA with the authority to administer and enforce the laws pertaining thereto, and for other purposes"
- **3.1.3** Republic Act No. 6675, otherwise known as the Generic Act of 1988 to promote, rquire and ensure the production of an adequate supply, distribution, use and acceptance of drugs and medicines identified by their Generic Names.
- **3.1.4** RA 7394, "Consumer Act of the Philippines
- 3.1.5 Executive Order No. 49 issued in 1993 directing the mandatory use of the Philippine National Drug Formulary as the basis for procurement of drugs products by the government; and that in the "promotion of generics name for pharmaceutical products special consideration shall be given to drugs and medicines which are included in the Essential Drugs List to be prepared within one hundred eighty (180) days from the approval of this Act and updated quarterly by the DOH on the basis of health conditions obtaining in the Philippines as well as on internationally accepted criteria,"
- 3.1.6 DOH Administrative Order No. 164s 2002, Implementing Guidelines and Procedures in the Procurement and Requisition of Drugs and Medicines by the Department of Health Pursuant to Executive Order No. 49 dated January 21, 1993" providing procedural basis that ensure requisition of essential drugs by the government sector and the decision system for the inclusion and deletion of drugs in the PNDF."
- 3.1.7 Philippine Health Insurance Corporation Board Resolution No. 265 dated July 15, 1999, wherein Volume I is the basis for claims reimbursement for drugs and medicines.
- 3.1.8 DOH Administrative Order 2006-0018, "Implementing Guidelines for the Philippine National Drug Formula System," for the systems and procedures for the selection of drugs to be included and deleted from the Essential Drug List also known as the PNDF and development of the PNDF manual which is applicable to all Health Facilities/Units/Offices of the entire government Sector insofar as drug procurement is concerned and shll be applicable to the entire health sector (government and private) in so far as PHIC claims for drug reimbursement is concerned.

- **3.1.9** DOH Administrative Order No. 67 S 1967, "Revised rules and regulation on the registration of pharmaceutical products";
- **3.1.10** DOH Administrative Order No. 2005-0030, "Guidelines and procedure for the automatic renewal of CPR issued BFAD".

#### 3.2 Mandatory Use of the PNDF

- 3.2.1 Only drugs reflected in the Essential Drug List/PNDF Manual shall be requisitioned. Drugs and medicine procurement by all Government Agengies, and the health facilities under their supervision, Government Health Facilities under the supervision and control of the DOH, devolved health facilities under the Government Owned and Controlled Corporation shall be based on the PNDF Manual (VII.B AO 2006-0018).
- 3.2.2 Every Requisition and Issue and Procurement Request including purchases in times of emergency and authorized under the General Appropriation Act shall be accompanied by a certification from the requisitioning officer or by duly authorized officer that the drug products being requisitioned and procured fall within and conform with PNDF Manual, latest edition (VII.C AO 2006-0018).
- 3.2.3 Drugs not reflected in the latest edition of the PNDF manual may still be procured as long as these are provided by the Secretary of Health for the inclusion in the upcoming edition of the PNDF Manual and if such drug products are already posted in the DOH website (<a href="www.doh.gov.ph">www.doh.gov.ph</a>). Drugs products approved for inclusio in an upcoming edition of the PNDF Manual must be covered with the appropriate Department Memorandum and other instruments of announcements (VII.D AO 2006-0018).
- 3.2.4 Request for the procurement of drug products not listed in the PNDF Manual and their corresponding justifications by the requesting office shall be forwarded to National Drug Policy Program. (VII.E AO 2006-0018)
  - **1.** A letter shall be submitted justifying that:
    - **1.1** The drug is needed for the prevention and treatment of conditions not already covered in the existing list.
    - **1.2** The drug is more effective and/or less toxic than a drug listed for the same indication.

- **1.3** The drug is at least as effective and safe and lower cost that the drug listed for the same indication
- **1.4** The drug deemed essential for a specific government/DOH health programs/projects.
- 2. The said justification letter shall have the following as attached documents:
  - 2.1 Scientific evidence (in table format) supported with literature review for the specific drugs using Annexes A, B, C of AO 2006-0018.
  - **2.2** Report on the disease burden and its ranking relative to the common diseases seen in the hospital.
  - 2.3 Comparison of costs for the total regimen of the drug or its full course of therapy with other comparable drugs listed in the current edition of the PNDF.
  - **2.4** Copy of Certificate of Product Registration from the FDA.
- 3.2.5 The Commission on Audit auditors and heads of auditing units shall monitor compliance thereto and shall disallow claims/reimbursements either from regular budget, local/thrust funds covering the procurement of drugs and medicines which are not within the PNDF Manual, latest edition.
- **3.2.6** Any violations maybe subject to penalties provided in Section 12 of RA 6675.

#### 3.3 Drawing Specifications for Drugs and Medicines

#### SPECIFICATION:

- **3.3.1** Specifications of the drugs to be procured shall be in generic form/name. The Minimum specifications are the following:
  - a) Generic name
  - **b)** Strength
  - **c)** Dosage form (Examples: tablet, capsule, suspension, granules/powder for syrup/suspension, etc.)

- **d)** Packing (Examples: 10 tablets or capsule per blister pack; 10 blister pack per box; 15 g/tube; 60 ml per amber bottle, etc.)
- e) Route of administration (Example: oral, inhalation, injectable, etc.)
- f) Expiration (The standard is "Drugs must be fresh commercial stock with a total shelf life of twenty-four (24) months from the date of manufacture but not less than eighteen (18) months from the date of delivery")

#### **DELIVERY INSTRUCTIONS:**

- a) Packaging instruction (Example: each bottle must be individually boxed; standard packing; in blister packs; in amber colored bottle, etc.)
- b) Labelling instructions Upon delivery the following shall be complied
- c) Additional requirements on box or bottle

The following is legibly imprinted or stamped in red color
"Philippine Government Property – Department of Health – Not for Sale"
Date of Manufacture Date of Expiry
For blister packs or tube the following shall be eligibly imprinted or sticker
"Philippine Government Property – Department of Health – Not for Sale"
Date of Manufacture Date of Expiry

- d) <u>For solid preparation</u>: Expiration date should not less than two (2) years from the date of manufacture and not less than 18 months or one and a half (1 ½) years from the date of delivery on site.
- **e)** <u>For liquid preparation</u>: Expiration date should not less than 18 months from the date of manufacture and not less than 16 months from the date of delivery on site.

#### **Additional Documentary Requirements**

The following FDA Certifications and Licenses in addition to the documentary requirements provided under Section 25.2.iii of the revised IRR shall have to be complied with by the participating bidder/s:

- a) Valid and current License to Operate;
- b) Certificate of Product Registration of goods to be bid; and
- c) Certificate of Good Manufacturing Practice or equivalent document in the case of foreign supplier, authenticated by the Philippine Consultate

#### Mandatory random testing of delivered drugs and medicines by FDA before acceptance and distribution.

The inspection and test that will be conducted are:

- a) Upon delivery of the goods shall undergo preliminary physical inspection by the Inspection Team of the procuring entity to ascertain the physical conditions and acceptability of goods.
- b) In compliance with BFAD Bureau Circular No. 6-A dated June 11, 2001, random samples shall be selected by a designated BFAD representative, witnessed by the representation from the Supplier for purposes of laboratory analysis. The tests to be conducted and sample sizes are as follows:

#### 1. Physio-Chemical Test

- **a.** table/capsule 1 commercial presentation (minimum of 50 pcs.)
- **b.** liquid/suspension solution 60 ml x 6 bottles; 120 ml x 6 bottles
- **c.** granules/powders/powders for suspension 30 ml x 6 bottles

#### 2. Sterility Test

- a. solid preparation: less than 50 mg or 50 mg or more but less than 200 mg or more minimum of 20 bottles
- **b.** liquid preparation: 1 ml to 100 ml minimum of 20 bottles; 500 ml to 1000 ml minimum of 6 bottles

#### 3. Microbiological Test

- a. tablet/capsule number of tablets/capsules equivalent to at least 20 grams
- **b.** liquid preparations 500 ml to 1000 ml minimum of 6 bottles

#### REQUIREMENT OF CERTIFICATE OF PRODUCT REGISTRATION FOR THE PROCUREMENT OF OTHER HEALTH AND HEALTH RELATED GOODS

CPR is a documentary requirement processed and issued based on RA 3720, "Food, Drug and Cosmetic Act", RA 7394, "Consumer Act of the Philippines" and other related issuances as indicated below:

- Blood testing reagents for blood services facilities (HbsAg Test kits, HIV test kits, particle agglutination (PA) test kits, HCV test kits) – CPR from BFAD based on AO 94 s 2002, "Amendment to AO 41 s. 2001 Re: Adoption of list of blood testing reagents for use of blood service facilities"
- 2. Antibiotics CPR from BFAD based on AO 151 s 1971 and AO 103 s 2003", Batch certification of antibiotics"
- 3. Equipment and devices used for treating sharps, pathological and infectious waste CPR from BFAD based on AO 2007-0014, "Guidelines on the issuance of certificate of product registration for equipment and devices used for treating sharps, pathological and infectious waste"
- **4.** Medical Devices CPR from FDA/BHDT
- **5.** Processed Food CPR from FDA
- **6.** Cosmetics Certificate of prodcut listing/CPR from FDA
- **7.** Herbal products CPR from FDA based on AO 184 s 2004, "Guidelines on the registration of tradionally used herbal products"
- **8.** Veterinary products, health devices, diagnostic reagents, household hazardous substances CPR from FDA;
- 9. Water purification equipment and devices CPR from BHDT based on AO 2005-3003-A, "Amendment to AO 2005-2003 dated January 11, 2005, re: Guidelines on the issuance of CPR for purification equipment and device.

#### REQUIREMENTS FOR HOSPITAL WASTE TREATMENT PROVIDER OR/AND TREATMENT STORAGE AND DISPOSAL FACILITY OPERATOR

Based on RA 6969, "Toxic Substances and Hazardous & Nuclear Waste Control Act of 1990," and Joint DENR & DOH AO No. 02 s 2005 "Policies and guidelines on effective and proper handling, collection, transport, treatment, storage and disposal of health care waste, "Hospital Waste Provider and/or TSD:

- Registration as TSD Facility based on the Implementing Rules and Regulation of RA No. 6969 from DENR-EMB Central Office
- 2. Registration with DENR-EMB as Waste Transporter
- 3. Transport Permit issued by DENR-EMB Regional office procurement hospital client; and
- **4.** Three (3) Sample Manifest Form each for three (3) major clients to transport the infectious/hazardous waste, in accordance with the IRR of RA No. 6969

**REQUIREMENTS FOR MEDICAL/HOSPITAL EQUIPMENT INCLUDING DIAGNOSTIC AND LABORATORY EQUIPMENT** such X-ray facilities and other radiologic diagnostic imaging equipment such as MRI, CT Scan, Ultrasound Mamography and medical equipment which do not have or have underdeveloped written regulatory requirements. For X-ray facilities, some requirements are based on AO No. 124 s 1992, "Rules & regulations governing the establishment, operation and maintenance of an X-ray facility in the Philippines.

- **1.** Registration or permit/license to sell from Bureau of Health Devices and Technology for X-ray facilities or if applicable.
- 2. In case of foreign suppliers or principals, a copy of registration certification or permit/license to sell the product in the country of origin and duly authenticated by the Philippine Consular Office in the country of origin
- 3. Certificate from the manufacturer guaranteeing that:
  - a. Equipment model would be available for delivery should their bidders wins, duly authenticated by the Philippine Consular Office in the country of origin
  - b. Spare parts for the equipment model would be available for at least 5-10 years depending on the complexity of the equipment
- **4.** Duly notarized certificate of free equipment preventive or corrective maintenance and free provision of spare parts for at least 3 years.

# SECTION 11 ANNEXES

#### ABBREVIATIONS AND ACRONYMS

ABC	Approved Budget for the Contract	CLC	Credit Line Certification	
ABM	Agency Budget Matrix	CIF	Cost, Insurance and Freight	
ADB	Asian Development Bank	CHD	Center for Health Development	
AFP	Armed Forces of the Philippines	COA	Commission on Audit	
AFS	Audited Financial Statement	COFILCO	Confederation of Filipino Consulting Organizations	
AO	Administrative Order	CPM	Customized Procurement Manual	
APP	Annual Procurement Plan	CPES	Contractors Performance Evaluation System	
APR	Annual Procurement Report	CPESIU	Contractors Performance Evaluation System Implementing Unit	
BAC	Bids and Awards Committee	CSC	Civil Service Commission	
ВС	Budget Circular	CSO	Civic Society Organization	
BDS	Bid Data Sheet	DBM-PS /PS-DBM	Department of Budget and Management- Procurement Service	
BIR	Bureau of Internal Revenue	DTI	Department of Trade and Industry	
BRS	Bureau of Research and Standards	DOH	Department of Health	
BSP	Bangko Sentral ng Pilipinas	DV	Delivery Voucher	
CAF	Certificate of Availability of Funds	DBM	Department of Budget and Management	
CDA	Cooperatives Development Authority	DBCC	Development Budget Coordination Committee	
CIAP	Construction Industry Authority of the Philippines	E.O.	Executive Order	
CIP	Carriage and Insurance Paid to (named place of destination)	ESAO	Engineering Supervision and Administration Overhead	
CLC	Credit Line Certification	EXW	Ex Works, Ex Factory or Off- the-Shelf	
CIF	Cost, Insurance and Freight	FAPs	Foreign-Assisted Projects	

FDA	Food and Drug Administration	ITB	Instructions to Bidders
FMIS	Financial Management Information System	ITR	Income Tax Return
GAA	General Appropriations Act	JVA	Joint Venture Agreement
GCC	General Conditions of Contract	JBIC	Japan Bank for International Cooperation
GFI	Government Financial Institution	LC	Letter of Credit
GOCC	Government-Owned or – Controlled Corporation	LCB	Local Competitive Bidding
GOP	Government of the Philippines	LCB	Lowest Calculated Bid
GPPB	Government Procurement Policy Board	LCRB	Lowest Calculated and Responsive Bid
GPPB-TSO	Government Procurement Policy Board  – Technical Support Office	LGU	Local Government Unit
GPM	Generic Procurement Manual	LIB	Limited International Bidding
GPRA	Government Procurement Reform Act of 2003	MOOE	Maintenance and Other Operating Expenses
	7101 01 2000		
НОРЕ	Head of Procuring Entity	NACAP	National Constructors Association of the Philippines
HOPE HRB		NACAP NBC	
	Head of Procuring Entity		the Philippines
HRB	Head of Procuring Entity Highest Rated Bid	NBC	the Philippines  National Budget Circular
HRB HRRB	Head of Procuring Entity  Highest Rated Bid  Highest Rated and Responsive Bid	NBC NCB	the Philippines  National Budget Circular  National Competitive Bidding
HRB HRRB IB	Head of Procuring Entity  Highest Rated Bid  Highest Rated and Responsive Bid  Invitation to Bid	NBC NCB NFCC	the Philippines  National Budget Circular  National Competitive Bidding  Net Financial Contracting Capacity
HRB HRRB IB ICB	Head of Procuring Entity  Highest Rated Bid  Highest Rated and Responsive Bid  Invitation to Bid  International Competitive Bidding  Information and Communications	NBC NCB NFCC NGO	the Philippines  National Budget Circular  National Competitive Bidding  Net Financial Contracting Capacity  Non-Government Organization
HRB HRRB IB ICB	Head of Procuring Entity  Highest Rated Bid  Highest Rated and Responsive Bid  Invitation to Bid  International Competitive Bidding  Information and Communications Technology	NBC NCB NFCC NGO NOA	the Philippines  National Budget Circular  National Competitive Bidding  Net Financial Contracting Capacity  Non-Government Organization  Notice of Awards
HRB HRRB IB ICB ICT IFI	Head of Procuring Entity  Highest Rated Bid  Highest Rated and Responsive Bid  Invitation to Bid  International Competitive Bidding  Information and Communications Technology  International Financing Institution	NBC NCB NFCC NGO NOA NTP	the Philippines National Budget Circular National Competitive Bidding Net Financial Contracting Capacity Non-Government Organization Notice of Awards Notice to Proceed

PBDs	Philippine Bidding Documents	RFQ	Request for Quotation
PCA	Philippine Constructors Association, Incorporated	ROW	Right-of-Way
PCAB	Philippine Contractors Accreditation Board	SARO	Special Allotment Release Order
PCCI	Philippine Chamber of Commerce and Industry	SBD	Standard Bidding Documents
PERT/CPM	Project Evaluation Review Technique / Critical Path Method	SCC	Special Conditions of Contract
PhilGEPS/ GEPS	Philippine Government Electronic Procurement System	SEC	Securities and Exchange Commission
PICE	Philippine Institute of Civil Engineers	SME	Small and Medium Enterprises
PICPA	Philippine Institute of Certified Public Accountants	sow	Scope of Work
PMO	Project Management Office	SUC	State Universities and Colleges
PNDF	Philippine National Drug Formulary	SWA	Statement of Work Accomplished
PRC	Professional Regulation Commission	TOR	Terms of Reference
PWI	Procurement Watch Incorporated	TSO	Technical Support Office
PNP	Philippine National Police	TWG	Technical Working Group
PAPs	Programs, Activities and Projects	UNDB	United Nations Development Business
PPMP	Project Procurement Management Plan	VAT	Value-Added Tax
PR	Procurement Request	WB	World Bank
R.A.	Republic Act	WFP	Work and Financial Plan
R.A. 9184	Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act"		
RIS	Requisition and Issuance Slip		
RFP	Request for Proposal		

#### **GLOSSARY**

Abstract of Bids

The corresponding document prepared by the BAC after all bids have been received, opened, examined, evaluated and ranked.

**Abstract of Bidding Documents** 

A summary containing general information on the procurement at hand that is posted in the PHILGEPS.

**Advance Payment** 

Refers to any payment made prior to the delivery and acceptance of Goods, Works, or Consulting Services.

**Approved Budget for the Contract** 

The budget for the contract duly approved by the head of the procuring entity, as provided for in the General Appropriations Act and/or continuing appropriations, in the case of national government agencies; the corporate budget for the contract approved by the governing board, pursuant to Executive Order No. 518, series of 1979, in the case of GOCCs and GFIs, and Republic Act No. 8292 in the case of SUCs; and the budget approved by the *Sanggunian* in the case of LGUs.

**Bids and Awards Committee** 

It is also referred to as the BAC which is established in accordance with Rule V of the revised IRR of R.A. 9184. It primarily perform the following functions: (a) advertise and/or post the invitation to bid/request for expressions of interest; (b) conduct preprocurement and pre-bid conferences; (c) determine the eligibility of prospective bidders; (d) receive bids; (e) conduct the evaluation of bids; (f) undertake post-qualification proceedings; (g) resolve motions for reconsideration; (h) recommend award of contracts to the Head of the Procuring Entity or his duly authorized representative: (i) recommend the imposition of sanctions in accordance with Rule XXIII; (i) recommend to the Head of the Procuring Entity the use of Alternative Methods of Procurement as provided for in Rule XVI hereof; and (k) perform such other related functions as may be necessary, including the creation of a Technical Working Group from a pool of technical, financial, and/or legal experts to assist in the procurement process, particularly in the eligibility screening, evaluation of bids, and postqualification.

Bid

A signed offer or proposal to undertake a contract submitted by a bidder in response to and in consonance with the requirements of the bidding documents. Also referred to as *Proposal* and *Tender*,

particularly when referring to the procurement of consulting services.

Bid Evaluation The process of determining the Bidder with the Lowest Calculated

Bid or the Highest Rated Bid.

Bid Opening Date The date specified in the IB for the opening of bids.

Bid Security Cash, check, bank draft, letter of credit, bank guarantee, surety

bond or a foreign government guarantee that serves as a guarantee that the successful bidder shall not default on his offer, and shall enter into contract with the Procuring Entity and furnish

the performance security.

Bid Validity

A reasonable period determined by the head of the Procuring

Entity concerned, but in no case shall exceed one hundred twenty (120) calendar days from the date of the opening of bids, wherein

a Bid Security is considered valid.

Bidder An individual or entity that submits a bid. The term includes

anyone acting on behalf of the individual or other entity that submits a bid, such as agents, employees, and representatives. More specifically, a contractor, manufacturer, supplier, distributor and/or consultant competing for the award of a contract in any

government procurement. See Eligible bidder, Prospective bidder.

Bidding Documents The documents issued by the procuring entity as the bases for

bids, furnishing all information necessary for a prospective bidder to prepare a bid for the infrastructure projects, goods and/or

consulting services required by the procuring entity.

Blacklisting To place on, or as if on, a list of persons or organizations that have

incurred disapproval or suspicion or are to be boycotted or

otherwise penalized.

Brand Name A trade name or product name, which identifies a product as

having been made by a particular manufacturer.

Calculated Bid Price The price of a bid, after taking into account minor arithmetical

corrections to consider computational errors, omissions and

discounts, if allowed.

Civil Works See Infrastructure Projects.

Collusion

An agreement between two or more persons, to commit acts to accomplish a fraudulent or deceitful purpose.

**Common-Use Supplies** 

Goods, materials and equipment that are repetitively used in the day-to-day operations of procuring entities in the performance of their functions, which are included in the Price List of the Procurement Service of the Department of Budget and Management.

Competitiveness

A principle in Government procurement that allows broad participation by eligible and qualified suppliers, contractors, consultants to put forward offers for a project.

**Competitive Bidding** 

Use interchangeably with term Public Bidding: It is a method of procurement which is open to participation by any interested party and which consists of the following processes: advertisement, pre-bid conference, eligibility screening of prospective bidders, receipt and opening of bids, evaluation of bids, post-qualification, and award of contract.

**Communication Costs** 

Mail and fax costs, plus cost of advertising, meetings, internet/web posting, and other cost incurred for the dissemination of information about the bidding.

**Conference Notice** 

A formal written communication sent to the participants of the conference (such as the Pre-procurement, Pre-bid and Post-Award Conference) informing them when and where the conference will be held.

**Conflict of Interest** 

Refers to a clash between public interest and the private pecuniary interest of the individual concerned (Black's law Dictionary, 5th ed.)

**Consulting Services** 

Refer to services for Infrastructure Projects and other types of projects or activities of the Government requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the Government to undertake such as, but not limited to: (i) advisory and review services; (ii) pre-investment or feasibility studies; (iii) design; (iv) construction supervision; (v) management and related services; and (vi) other technical services or special studies. (Section 5.i of the revised IRR)

#### **Consolidated Blacklisting Report**

A report issued by the GPPB that contains a list of people and/or organizations that are barred from participating in any Government procurement project.

#### **Consulting Services**

Services for Infrastructure Projects and other types of projects or activities of the Government requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the Government to undertake such as, but not limited to: (i) advisory and review services; (ii) pre-investment or feasibility studies; (iii) design; (iv) construction supervision; (v) management and related services; and (vi) other technical services or special studies.

#### **Contract Completion**

Project sign-off or acceptance of the project/goods by the end-user.

#### **Contract Implementation**

The execution of a contract, covering the following milestones: effectivity of the contract; contractor's performance of his contractual obligations; procuring entity's performance of its contractual obligations, as specified in the Contract; final acceptance or project sign-off; all other related activities; and payment by the Procuring Entity.

#### Contractor

One who undertakes to perform a work or service, or supply goods for a public or private entity.

#### **Contract Termination**

Ending of a contract prior to its completion.

#### **Corrupt Practice**

The offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the procurement process or in contract execution. Compare *fraudulent practice*.

#### **Cost Recovery Component**

Direct and indirect costs accounted for in determining the price of Bidding Documents to be sold to interested suppliers/contractors.

#### **Demand Regulation Component**

A positive (+) or negative (-) unit amount allocated to the bidding activity for the purpose of regulating the participation of bidders

#### **Development Cost**

Costs incurred in developing the original content of the documents, designs, plans and specifications. The design cost may be excluded if the same is to be included in the capitalized cost of the project which is to be recovered from the usage of the completed project facility.

Direct Contracting

An alternative method of procurement of goods that does not

require elaborate bidding documents. The supplier is simply asked to submit a price quotation or a pro-forma invoice together with the conditions of sale. The offer may be accepted immediately or after some negotiations. Also referred to as *Single Source* 

Procurement.

communication costs allocated to the bidding activity. See Communication Cost, Development Cost, Reproduction Cost.

Compare Indirect Costs.

**Disclosure** The act of disclosing, uncovering, or revealing

**Disqualification** The act of barring a bidder from further participation in the

procurement at hand, even if, in some instances, it has initially

been declared eligible or post-qualified.

**Domestic Bid**Any offer of unmanufactured articles, materials, or supplies of the

growth or production of the Philippines, or manufactured articles, materials or supplies manufactured or to be manufactured in the Philippines, <u>substantially</u> from articles, materials or supplies of the growth, production or manufacture, as the case may be, of the

Philippines.

Eligible Bidder A contractor, manufacturer, supplier, distributor or consultant who

meets all the eligibility requirements issued by the procuring entity.

**Eligibility** Refers to the status of a Bidder in relation to its legal, technical

and financial competence to comply with the requirements of the contract to be bid, as shown by eligibility documents submitted to

and checked by the BAC.

Eligibility Check The process of determining the compliance of Prospective Bidders

with the eligibility requirements prescribed, using a non-

discretionary, "pass/fail" criteria.

Eligibility Screening (see) Eligibility Check.

Financial Bid One of two components comprising a bid, the other being the

Technical Bid.

Force Majeure (see) Fortuitous events

Foreign Bid

Any offer of articles, materials or supplies not manufactured or to be manufactured in the Philippines, <u>substantially</u> from articles, materials or supplies of the growth, production, or manufacture, as the case may be, of the Philippines.

**Foreign Supplier** 

A supplier who is not a local supplier.

**Fortuitous Events** 

It is an event which could not be foreseen, or which though foreseen, was inevitable. (Art. 1174, Civil Code)

**Fraudulent Practice** 

Misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity. Compare *corrupt practice*.

Goods

Refer to all items, supplies, materials and general support services, except consulting services and infrastructure projects, which may be needed in the transaction of public businesses or in the pursuit of any government undertaking, project or activity, whether in the nature of equipment, furniture, stationery, materials for construction, or personal property of any kind, including nonpersonal or contractual services such as the repair and maintenance of equipment and furniture, as well as trucking, hauling, janitorial, security, and related or analogous services, as well as procurement of materials and supplies provided by the procuring entity for such services. The term "related" or "analogous services" shall include, but not be limited to, lease or purchase of office space, media advertisements, health maintenance services, and other services essential to the operation of the procuring entity. (Section 5.r of the revised IRR)

**Head of the Procuring Entity** 

(i) the head of the agency or body, or his duly authorized official, for NGAs and the constitutional commissions or offices, and branches of government; (ii) the governing board or its duly authorized official, for GOCCs, GFIs and SUCs; or (iii) the local chief executive, for LGUs: Provided, however, that in an agency, department, or office where the procurement is decentralized, the Head of each decentralized unit shall be considered as the head of the procuring entity subject to the limitations and authority delegated by the head of the agency, department, or office.

Invitation to Bid

This serves as the notice to the public and all interested parties of the procurement opportunity.

**Incidental Services** 

This are services ancillary to the supply of the Goods, such as transportation and insurance; installation, commissioning, provision of technical assistance, training, and other such obligations of the Supplier covered under the contract, RFP, TOR, and/or bidding documents.

**Indirect Costs** 

Costs indirectly incurred such as overhead, supervision, and administrative costs allocated to the bidding activity. Compare *Direct Costs*.

Ineligible Bidder

A contractor, manufacturer, supplier, distributor or consultant who fails to meet any or all of the eligibility requirements issued by the procuring entity.

**Infrastructure Projects** 

Include the construction, improvement, rehabilitation, demolition, repair, restoration or maintenance of roads and bridges, railways, airports, seaports, communication facilities, civil works components of information technology projects, irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems, shore protection, energy/power and electrification facilities, national buildings, school buildings, hospital buildings, and other related construction projects of the government. Referred also as *civil works*. (Section 5.u of the revised IRR)

Inspection

Examination and/or testing of merchandise to determine whether it has been received in the proper quantity and condition, and to verify that it conforms to the applicable specifications.

**Latent Defect** 

A defect that is not apparent to the buyer by reasonable observation. A latent defect is "hidden" or one that is not immediately determinable.

**Limited Source Bidding** 

An alternative method of procurement for Goods and Consulting Services that involves direct invitation to bid by the concerned procuring entity from a set of pre-selected suppliers or consultants with known experience and proven capability on the requirements of the particular contract.

**Liquidated Damages** 

Damages agreed upon by the parties to a contract, to be paid in case of breach thereof.

Request for Reconsideration In procurement, it is an application made to the BAC for the

purpose of obtaining a rule or order setting aside a previous

decision.

**Negotiated Procurement**An alternative method of procurement of goods, infrastructure

projects and consulting services, whereby the procuring entity directly negotiates a contract with a technically, legally and

financially capable supplier, contractor or consultant.

Notice of Award The document issued by the HOPE to the bidder to whom the

contract is awarded.

**Notice of Eligibility**The document issued by the BAC to the eligible bidder/s formally

informing the same that he/she/they met the eligibility

requirements issued by the procuring entity.

Notice of Ineligibility The document issued by the BAC to the bidder/s who failed to

meet any or all of the eligibility requirements issued by the

procuring entity.

**Notice of Post-qualification**The document issued by the BAC to the bidder with LCB whose

bid is found responsive.

**Notice of Post-disqualification**The document issued by the BAC to the bidder with LCB whose

bid is found non-responsive.

**Notice to Proceed**The document issued by the Head of the Procuring Entity to the

winning bidder to proceed with the implementation of the contract.

Observer One who is invited to attend and observe all stages of the

procurement, especially: the pre-bid conference; opening of bids; bid evaluation; post-qualification; contract award; and special

meetings of the BAC.

Patent Defect A defect that is apparent to the buyer on normal observation. An

apparent or obvious defect.

Performance Security A security posted by the winning bidder to guarantee the faithful

performance by the same of its obligations under the contract

prepared in accordance with the bidding documents.

Portal A website that integrates a wide variety of contents for the

purpose of attracting and aggregating multiple users together in a

central virtual space.

Post-qualification

The process of validating and verifying the documents, information and statements made in the Eligibility Documents by the Bidder who submitted the Lowest Calculated Bid, as well as ascertaining the said Bidder's compliance with the legal, financial and technical requirements of the bid.

**Post-qualification Report** 

The report prepared by the TWG containing the findings/results of the post-qualification conducted on the bidder with the LCB or HRB, as the case may be.

**Pre-bid Conference** 

It is the forum where the Procuring Entity's representatives and the Prospective Bidders discuss the different aspects of the procurement at hand.

**Pre-procurement Conference** 

It is the forum called by the BAC for procurements undertaken through public bidding, where all officials involved in the procurement meet and discuss all aspects of the transaction, including the technical specifications, the Approved Budget for the Contract, the applicability and appropriateness of the recommended method of procurement and the related milestones, the bidding documents, availability of the pertinent budget release for the project / contract, among others.

**Procurement** 

The acquisition of Goods, Consulting Services, and the contracting for Infrastructure Projects by the Procuring Entity. 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.

**Procurement Observation Report** 

The report submitted by the Observer to the Head of the Procuring Entity, based on the procurement checklist.

**Procurement Unit** 

Refers to the organic office of the Procuring Entity that carries out the procurement function.

**Procuring Entity** 

Any branch, constitutional commission or office, agency, department, bureau, office, or instrumentality of the Government, including GOCC, GFI, SUC and LGU procuring Goods, Consulting Services and Infrastructure Projects.

**Project Management Office** 

The unit/office/department of the procuring entity that is primarily responsible for implementing and managing a project.

Proposal (see) Bid.

**Protest** A formal declaration made by a person interested or concerned in

some act to be done, or already performed, whereby he expresses his dissent or disapproval, or affirms the act against his will. The object of such declaration is usually to save some right which would be lost to him if his implied anent could be made nil, or to exonerate himself from some responsibility which would attach to him unless he expressly negatived his assent. (Black's Law

Dictionary, 5th Ed.)

**Provincial Bidder**A contractor who participates in the bidding of provincial priority

programs and infrastructure projects as defined in Section 44 of the revised IRR of RA 9184, and whose principal office is within

the same province.

**Public Bidding** (see) Competitive Bidding.

Public Monitoring It is one of the governing principles of public procurement which

seeks to ascertain compliance of a procuring entity to the

provisions of RA 9184 and its revised IRR.

Repeat Order An alternative method of procurement of goods from the previous

winning bidder, whenever there is a need to replenish goods

procured under a contract previously awarded through

Competitive Bidding.

**Reproduction Cost** It is the labor, supplies and equipment rental costs incurred in the

reproduction of the documents.

**Request for Clarification** A written request submitted by the bidder to the BAC, asking the

latter to clarify a particular provision of the Bidding Documents.

Request for Proposal A written request for proposals concerning goods or services the

government intends to acquire by means of alternative method of procurement such as Shopping or Negotiated Procurement (Small-value Procurement). The solicitation document used in acquiring quotations. The procedure allows changes to be made after other proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to

award.

Shopping An alternative method of procurement of goods whereby the

procuring entity simply requests for the submission of price quotations for readily available off-the-shelf goods or ordinary/ regular equipment to be procured directly from suppliers of known

qualifications.

**Single Source Procurement** (see) *Direct Contracting*.

**Spare Parts**Refer to extra components, equipment, tools, instruments or parts

of machinery or apparatus that replace the ones that are damaged

or worn out.

**Specification** A description of what the purchaser requires and what a bidder

must offer.

**Splitting of Contracts** Splitting of Government Contracts means the division or breaking

up of GOP contracts into smaller quantities and amounts, or dividing contract implementation into artificial phases or subcontracts for the purpose of evading or circumventing the requirements of law and the revised IRR, especially the necessity of public bidding and the requirements for the alternative methods

of procurement. (Section 54.1 of the revised IRR)

Standard The established and fixed measure used in assessing quality or

performance.

**Subcontractor** One who takes a specific part of the work undertaken by the

principal contractor. (Black's Law Dictionary, 5th Ed.)

Submitted Bid Price The bid price as indicated in the financial proposal submitted by

the bidder.

Supplemental/Bid Bulletin A notice issued by the Procuring Entity to Prospective Bidders with

respect to any clarifications or modifications in the Bidding Documents, including those affecting the technical specifications, eligibility requirements, procurement schedule, and other similar

matters.

**Technical Bid**One of two components comprising a bid, the other being

Financial Bid.

Tender (see) Bid.

### **Two-Stage Competitive Bidding**

Bidding process divided into two stages. In the first stage, bidders submit only the technical bids. In the second stage, when the technical specifications have already been well defined, the regular procedure for public bidding is followed. This may be employed for the procurement of Goods where, due to the nature of the requirements of the project, the required technical specifications/requirements of the contract cannot be precisely defined in advance of bidding, or where the problem of technically unequal bids is likely to occur.

### Warranty

An undertaking by the supplier, manufacturer or distributor to guarantee that it will correct any manufacturing defects of the goods procured by the government.

REFERENCES				
REFERENCE NO.	NAME OF ADMINISTRATIVE ISSUANCE	DATE OF EFFECTIVITY		
REFERENCE A:	Implementing Guidelines for the Philippine National Drug Formulary System (http://www.doh.gov.ph/files/ao2006-0018.pdf)	8 MAY 2006		
REFERENCE B:	Guidelines Institutionalizing and Strengthening the Essential Drug Price Monitoring System (http://www.doh.gov.ph/files/ao2006-0018.pdf)	14 FEBRUARY 2006		
REFERENCE C:	Guidelines on the Preparation of the Project Procurement Management Plan (http://home.doh.gov.ph/do/do2010-0200.pdf)	27 AUGUST 2010		

# SECTION 12 SAMPLE FORMS

### A. PROJECT PROCUREMENT MANAGEMENT PLAN

### PROJECT PROCUREMENT MANAGEMENT PLAN

IV FLUIDS

#### CY 2009

CONTRACT PACKAGE (Discription)	QUANTITY	UNIT	UNIT COST	TOTAL	FUNDING SOURCE	EXPECTED USE OF GOODS	PROPOSED	REMARKS
ITEMS (per categoryt)	QUANTITY	DISCRIPTION	UNII COSI	PROPOSED ABC	(Specify whether GOP of FAPs)	COMMENCEMENT OF SERVICES	PROCUREMENT METHOD	REMARKS
IV FLUID								
5% Dextrose In Water Solution in IV Infusion	7,670	1 plastic bottle (1000 ml)	49.75	379,095.00	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
5% Dextrose In Water Solution in IV Infusion	16,250	1 plastic bottle (500 ml)	37.25	605,332.50	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
5% Dextrose in Lactated Ringer's Solution in IV Infusion	29,420	1 plastic bottle (1000 ml)	49.75	1,463,645.00	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
5% Dextrose in Lactated Ringer's Solution in IV Infusion	9,458	1 plastic bottle (500 ml)	37.25	353,310.50	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
0.09% Sodium Chloride Solution for IV Infusion	28,920	1 plastic bottle (1000 ml)	49.75	1,433,795.00	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
0.09% Sodium Chloride Solution for IV Infusion	6,612	1 plastic bottle (500 ml)	37.25	246,297.00	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
Lactated Ringer's Solution	14,960	1 plastic bottle (1000 ml)	49.75	744,260.00	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
Lactated Ringer's Solution	2,972	1 plastic bottle (500 ml)	37.25	110,707.00	GOP	2 <sup>nd</sup> to 4 <sup>th</sup> qtr.	Procured through PITC	
TOTAL AMOUNT				5,335,422.00				
Total Budget Amount				5,335,422.00				
Adjusted Amount with 10%				5,368,964.00				
Requested by:			Recommendin	g Approval:		Approved by:	L	

### **ANNUAL PROCUREMENT PLAN**

DEPARTMENT OF HEALTH 3RD SUPPLEMENTAL ANNUAL PROCUREMENT PLAN CY 2010									
ITEMS	SPECIFICATIONS	TOTAL QUANTITY	UNIT	UNIT COST	TOTAL COST/ PROPOSED ABC	REQUESTING OFFICE	FUNDING SOURCE	EXPECTED TIME OF USE OF GOODS OR SERVICES	MODE OF PROCUREMENT
		-		RUGS AND MEDI	CINE				
Anti-Tetanus	Anti0Tetanus Serum (Equine) 1,50000 IU/ml, 1 ml ampule	10,000	Ampule	30.00	300,000.00	HEMS	GOP	4TH QTR	SHOPPING
Tetanus Toxoid	Tetanus Toxoid 0.5 ml ampule (IM)	5,000	Ampule	40.00	200,000.00	HEMS	GOP	4TH QTR	SHOPPING
Efavirenz 50mg (EFV)	30 capsule per bottle	161	Bottle	391.68	63,060.48	NCPAM	GOP	4TH QTR	UNICEF
Lamiduvine	150mg (3TC) 60 tablets per bottle	2,219	Bottle	149.28	331,252.32	NCPAM	GOP	4TH QTR	UNICEF
Nevirapine	200mg (NVP), 60 tablets per bottle	7,905	Bottle	154.56	1,221,796.80	NCPAM	GOP	4TH QTR	UNICEF
Efavirenz 600mg (EFV)	30 tablets per bottle	7,300	Bottle	357.12	2,606,976.00	NCPAM	GOP	4TH QTR	UNICEF
Tenofovir 300mg (TDF)	30 tablets per bottle	2,219	Bottle	453.12	1,005,473.28	NCPAM	GOP	4TH QTR	UNICEF
Nevirapine 5mg/5ml (NVP)	oral suspension 280ml per bottle	803	Bottle	407.52	327,238.56	NCPAM	GOP	4TH QTR	UNICEF
Lamiduvine 10mg/ml (3TC)	oral suspension 280ml per bottle	963	Bottle	383.04	368,867.52	NCPAM	GOP	4TH QTR	UNICEF
Zidovudine 5mg/50ml (AZT)	oral suspension 280ml per bottle	963	Bottle	463.68	446,523.84	NCPAM	GOP	4TH QTR	UNICEF
Lamiduvine 150mg + Zidovudine300 mg	60 tablets per bottle	16,100	Bottle	476.16	7,666,176.00	NCPAM	GOP	4TH QTR	UNICEF
Lamiduvine 150mg + Stavudine 30 mg	60 tablets per bottle	3,229	Bottle	210.72	680,414.88	NCPAM	GOP	4TH QTR	UNICEF
Lopinavir 200mg + Ritonavir 50mg,	120 tablets per bottle	1,344	Bottle	213.12	286,433.28	NCPAM	GOP	4TH QTR	UNICEF
		SUB	- TOTAL		15,504,212.96				

### **B. PURCHASE REQUEST**

Approved by:

# PURCHASE REQUEST (PR) NATIONAL CENTER FOR PHARMACEUTICAL ACCESS AND MANAGEMENT (NCPAM) DEPARTMENT OF HEALTH

(Agency)

NO.	LIST OF DRUGS AND MEDICINES	CONTENT	UNIT	TOTAL QUANTITY	TOTAL AMOUNT
1.	5% Dextrose in Water Solution	1 Plastic bottle (1000ml)	49.75	7620	379,095.00
2.	5% Dextrose in Water Solution	1 Plastic bottle (500ml)	37.25	16250	605,312.50
3.	5% Dextrose in Lactated Ringer's Solution	1 Plastic bottle (1000ml)	49.75	29420	1,463,645.00
4.	5% Dextrose in Lactated Ringer's Solution	1 Plastic bottle (500ml)	37.25	9458	362,310.50
5.	0.09% Sodium Chloride Solution for IV Infusion	1 Plastic bottle (1000ml)	49.75	28820	1,433,795.00
6.	0.09% Sodium Chloride Solution for IV Infusion	1 Plastic bottle (500ml)	37.25	6612	246,297.00
7.	Lactated Ringer's Solution	1 Plastic bottle (1000ml)	49.75	14960	744,260.00
8.	Lactated Ringer's Solution	1 Plastic bottle (500ml)	37.25	2972	110,707.00
			Total		5,336,422.00

 _	 

Noted by:

### C. CERTIFICATE OF CLEARANCE



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

30 July 2010

#### CERTIFICATE OF CLEARANCE OF MEDICINES FOR PROCUREMENT

This is to certify that the following Intravenous Fluids for DOH hospitals procurement found to fall within and conform to the specifications of the Philippine National Drug Formulary (PNDF) Volume 1, 7th edition.

- 1. 5% Dextrose in Water Solution, 500 mL and 1000 mL. bottle/bag (IV infusion and as vehicle in medication)
- 2. 5% Dextrose in Lactated Ringer's Solution, 500 mL/bag and 1000 mL. bottle/bag (IV infusion)

### Composition:

Dextrose - 50 mmol/L

Sodium – 30 mmol/L

Potassium – 4 mmol/L

Calcium - 3 mmol/L

Chloride - 109 mmol/L

Lactate - 28 mmol/L

3. Lactated Ringer's Solution (Ringer's lactate) 500 mL and 1000 mL. bag/bottle (IV Infusion)

### Composition:

Sodium - 130 mmol/L

Potassium - 4 mmol/L

Calcium - 3 mmol/L

Chloride - 109 mmol/L

Lactate - 28 mmol/L

4. 0.9% Sodium Chloride Solution, 500 mL and 1000 mL. bag/bottle (IV Infusion)

---Nothing follows---

National Center for Pharmaceutical Access and Management

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### D. NOTICE OF PRE-PROCUREMENT CONFERENCE

## Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE



### **NOTICE**

**FOR:** COBAC Vice Chairperson

COBAC Regular Member COBAC Regular Member COBAC Regular Member

End-user End-user

FROM: COBAC Chairperson

**SUBJECT:** Pre-Procurement Conference for the procurement of Procurement of Various

Pharmaceuticals, Oitment/Cream Solutions

**DATE:** 16 June 2010, Wednesday @ 10:30 a.m.

WHERE: COBAC Conference Room

1<sup>st</sup> Floor, Bldg. #6, San Lazaro Compound, Department of Health,

Sta. Cruz, Manila

For details and confirmation, please contact COBAC Secretariat at 743-83-01 loc.1625, 1626 and 1627.

### E. MINUTES OF PRE-PROCUREMENT CONFERENCE



### **Republic of the Philippines Department of Health** CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

MINUTES OF THE PRE-PROCUREMENT CONFERENCE PROCUREMENT OF VARIOUS DRUGS & MEDICINES, VACCINES AND FLUIDS UNDER IB NO. 2010- - ( ) 11 MARCH 2010 / 10:00 A.M./ COBAC CONFERENCE ROOM

#### PRESENT:

- 1. COBAC Chairperson
- 2. COBAC Vice Chairperson
- 3. COBAC Regular Member
- 4. COBAC Regular Member
- 5. COBAC Regular Member
- 6. End-user Representative
- 7. COBAC Secretariat
- 8. COBAC Secretariat

The Pre-procurement Conference was called to order by Dir. Angelina Sebial. End-users from National Center for Diseases Prevention and Control attended the aforesaid conference.

#### The following drugs and medicines were assigned to different program managers. These are as follows:

- Dr. A
- 1) Albendazole 400mg chewable tablet
- Dr. B
- 1) Artemether-Lumefrantine 120mg tablet
- 2) Chloroquine 150mg base tablet
- 3) Doxycycline 100mg capsule
- Primaguine 15mg base tablet
- 5) Quinine Dihydrochloride 300mg/ml, 1ml amp.
- Dr. A & B
  - 1) Quinine Sulphate 300mg film tablet
  - Etofenprox 10EW 20ml/sachet 2)
  - Etopenfrox 20WP 50 grams/sachet
- Dr. C
- Ciprofloxacin 500mg tablet 1)
- Cotrimoxazole 200mg/5ml suspension 2)
- Metronidazole 200mg/5ml suspension
- Metronidazole 500mg tablet
- 5) Praziquantel 600mg/tablet
- 6) Ceftriaxone 1g/vial
- 7) D5 LR IV fluid, 1L bottle
- 8) D5 1MB IV fluid, 1L bottle
- Drinking water disinfectant solution 1.25%
- 10) Drinking water disinfectant tablet

#### MANUAL OF PROCEDURE FOR THE PROCUREMENT OF GOODS

- Ms. D 1) Praziquantel 600mg/tablet • Dr. E Oseltamivir 75mg 1)
  - 2) Zanamivir Inhalation Powder

  - 3) Seasonal Flu Vaccines (with Pandemic H1N1 Strain)
  - 4) Adulticides: Aqua Resigen
  - 5) Fenthion 50% EC
  - 6) Pyriproxifen 0.5%
- Dr. F
- 1) Chick Embryo Cell Injection
- 2) Equine Rabies Immuneglobulin
- 3) Vero Cell (purified) Injection
- Dr. G
- 1) Ferrous Sulfate 60mg elemental iron
- Vitamin B1 B6 B12 tablet 2)
- 3) Betamethasone 0.1% 5g tube in valerate
- 4) Mupirocin 2% 5g tube
- 5) Sulfur Ointment 10% 15g tube

#### The following items will be purchased through public bidding:

- 1) Albendazole 400mg chewable tablet
- 2) Artemether-Lumefrantine 120mg fixed dose tablet
- 3) Chloroquine 150mg base tablet
- 4) Ferrous Sulfate 60mg elemental iron
- 5) Praziguantel 600mg/tablet
- 6) Primaquine 15mg base tablet
- 7) Quinine Dihydrochloride 300mg/ml, 1ml ampule
- 8) Quinine Sulphate 300mg film tablet
- 9) Zanamivir Inhalation Powder, for oral inhalation
- 10) Ceftriaxone 1g/vial

### The following items will be purchased through direct contracting:

- 1) Etofenprox 10EW 20ml/sachet
- 2) Etofenprox 20WP 50 grams/sachet
- 3) Adulticides: Agua Resigen
- 4) Drinking water disinfectant solution, 1.25%
- 5) Fenthion 50% EC
- Pyriproxifen 0.5%

The COBAC informed the end-users that another pre-procurement conference will be scheduled.

There having no other matters or queries to be discussed, the aforesaid conference was adjourned at 11:40 a.m.

Recorded by:	Noted by:
BAC Secretariat	BAC Member

### F. DEPARTMENT PERSONNEL ORDER



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

12 March 2010

DEPARTMEN	IT PERSONNEL	ORDER
COBAC NO.	2010-	

SUBJECT: Composition of Technical Working Group (TWG) re: Procurement of Various

Pharmaceuticals, Ointment/Cream and Solutions under IB No. 2010-5-24 [19]:

Relative to the bidding for the Procurement of Various Pharmaceuticals & Ointment, the following are hereby designated as members of the Technical Working Group:

- 1. Chairperson
- 2. Vice-Chairperson
- 3. Member
- 4. Member
- 5. Member

The Committee is expected to submit their recommendation and technical evaluation report seven (7) days upon receipt of the proposals at the office of the undersigned.

Under this order, the above listed personnel are entitled to claim all expenses incurred such as meal, gasoline and other incidental expenses related to the above activity, chargeable against the funds of the Procurement System Development Fund subject to the usual accounting and auditing rules and regulations.

**BAC CHAIRPERSON** 

### G. INVITATION TO BID



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

#### Invitation to Bid

### PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS IB NO. 2010-5-24 (19)

- 1. The Department of Health (DOH), through the General Appropriations Act CY 2010 intends to apply the sum of Four Million Six Hundred Seventy Two Thousand Seven Hundred Sixty Philippine Pesos (PhP4,672,760.00) being the Approved Budget for the Contract (ABC) to payments under the contract for the Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions under IB No. 2010-5-24(19). Bids received in excess of the ABC shall be automatically rejected at bid opening.
- 2. The DOH now invites bids for the procurement of the above-caption package. Delivery of the Goods is required by thirty (30) calendar days. Bidders should have completed, within two (2) years from the date of submission and receipt of bids, a contract similar to the Project. The description of an eligible bidder is contained in the Bidding Documents, particularly, in Section II. Instructions to Bidders.
- 3. Bidding will be conducted through open competitive bidding procedures using a non-discretionary "pass/fail" criterion as specified in the Implementing Rules and Regulations (IRR) of Republic Act (RA) 9184, otherwise known as the "Government Procurement Reform Act".
  - Bidding is restricted to Filipino citizens/sole proprietorships, partnerships, or organizations with at least sixty percent (60%) interest or outstanding capital stock belonging to citizens of the Philippines, and to citizens or organizations of a country the laws or regulations of which grant similar rights or privileges to Filipino citizens, pursuant to RA 5183 and subject to Commonwealth Act 138.
- 4. Interested bidders may obtain further information from the COBAC Secretariat, 3/F, Building 6, Department of Health, San Lazaro Compound, Sta. Cruz, Manila and inspect the Bidding Documents at the address given above during 8:00 am to 5:00 pm

- 5. A complete set of Bidding Documents may be purchased by interested Bidders on *May 3 to 21, 2010* from the address below and upon payment of a nonrefundable fee for the Bidding Documents in the amount of One Thousand Philippine Pesos (Php1,000.00).
  - It may also be downloaded free of charge from the website of the Philippine Government Electronic Procurement System (PhilGEPS) and the website of the Procuring Entity, provided that Bidders shall pay the nonrefundable fee for the Bidding Documents not later than the submission of their bids.
- 6. The DOH will hold a Pre-Bid Conference on 11 May 2010; 1:00 p.m. at COBAC Conference Room, Building 6, which shall be open only to all interested parties who have purchased the Bidding Documents.
- 7. Bids must be delivered to the address below on or before 24 May 2010; 9:00 a.m.
  All Bids must be accompanied by a bid security in any of the acceptable forms and in the amount stated in ITB Clause 18.
  - Bids will be opened in the presence of the Bidders' representatives who choose to attend at the address below. Late bids shall not be accepted.
- 8. The DOH reserves the right to accept or reject any Bid, to annul the bidding process, to reject all Bids and may not award the contract without incurring any liability and make no assurance that a contract shall be entered into as a result of the bidding when the funds for the program/project activity has been withheld ore reduced though no fault of the DOH at any time prior to contract award, without thereby incurring any liability to the affected Bidder or Bidders.

For further information, please refer to:

COBAC Secretariat Department of Health San Lazaro Compound Sta. Cruz, Manila

Tel. Nos. 743-8301 local 1625 to 1627; 1650 to 52

Facsimile No.: 741-9775

(SIGNATURE OVER PRINTED NAME)
BAC CHAIRPERSON

### H. BID DATA SHEET

### **PHARMACEUTICALS**

### I. DRUGS AND MEDICINE

ITB Clause	
1.1	The Procuring Entity is Department of Health.
1.2	The lot(s) and reference is/are:
	PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS
	IB NO. 2010-5-24 (19)
2.	The Funding Source is:
	The Government of the Philippines through the General Appropriations Act CY 2010 in the amount of Four Million Six Hundred Seventy Two Thousand Seven Hundred Sixty Philippine Pesos (PhP4,672,760.00).
	The name of the Project is: Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions.
4.1	All DOH employees are expected to uphold the Code of Conducts of DOH (AO#2007-0042 Norms of Behavior for Officials and Employees of the DOH) in each dealing with all procurement activities including declaring conflict of interest when determined at any stage of process and consequently inhibiting him/her in any deliberation and activities thereafter.
5.1	As State Party of the World Health Organization (WHO), Framework Convention on Tobacco Control (FCTC) ratified as treaty on April 2005, the DOH prohibits participation of any bidder with any current engagement and/or partnership, joint sponsorship or any other activity with the tobacco industry.
5.2	None of the circumstances mentioned in the <b>ITB</b> Clause exists in this Project. Foreign bidders, except those falling under <b>ITB</b> Clause 5.2(b), may not participate in this Project.
5.4	The Bidder must have completed, at least two (2) years, a single contract that is similar to this Project, equivalent to at least fifty percent (50%) of the ABC.
	For this purpose, similar contracts shall refer to supply of various pharmaceuticals, ointment/cream and solutions.

5.5	No further instructions.
6.3	For all other omissions, the Procuring Entity reserves the right to seek clarification of bids in accordance with <b>ITB</b> Clause 26 or at its sole discretion, to reject the bid if the omission is regarded as a matter of substance.
7.	No further instructions.
8.1	Subcontracting is not allowed.
8.2	"Not applicable"
9.1	The Procuring Entity will hold a pre-bid conference for this Project on:  11 May 2010 / 1:00 p.m.  COBAC Conference Room, Building 6 Department of Health
	San Lazaro Compound, Rizal Avenue, Sta. Cruz, Manila  "Only bidders who purchased the bidding documents are allowed to attend or ask questions".
10.1	The Procuring Entity's address is:  COBAC Conference Room Department of Health San Lazaro Compound, Rizal Avenue, Sta. Cruz, Manila  COBAC Secretariat 743-8401 local 1625-1627
12.1	The Bidder shall submit the following Eligibility Technical Documents, <a href="mailto:arranged.numbered and tabbed">arranged.numbered and tabbed</a> as enumerated below.  (a) Eligibility Documents- <a href="Class">Class</a> "A" Documents:  1) Registration certificate from the Securities and Exchange Commission (SEC) including Articles of Incorporation, Department of Trade and Industry (DTI) for sole proprietorship, or Cooperative Development Authority (CDA) for cooperative.

- 2) Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located.
- 3) Statement of all its ongoing and completed government and private contracts within the last two (2) years, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:

Name of contract;

Date and status of the contract:

Kinds of Goods;

Amount of contract and value of outstanding contracts; Date of

delivery; and

End-user's acceptance or official receipt(s) issued for the contract, if completed.

- 4) Audited financial statements, stamped "received" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from bid submission:
- 5) NFCC computation at least equal to ABC or CLC (10% of ABC) in accordance with ITB Clause 5:

#### Class "B" Document:

6) If applicable, the JVA in case of the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful: and

### (b) Technical Documents

- 7) The bid security in the form, amount and 120 calendar days validity period in accordance with ITB Clause 18. If the Bidder opts to submit the bid security of:
  - (a) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.

- 8) Duly accomplished and signed technical specifications (using the form as provided for in Section VII. Technical Specifications, **pages 71-106** of the Bidding Documents, which also includes the following:
  - (a) Production/delivery schedule;
  - (b) Manufacturer's Certification or if the Bidder is not a manufacturer, authenticated copy of certification from the manufacturer that the supplier is authorized distributor or dealer of the products/items;
  - (c) Certificate of Exclusive Distributorship (if applicable).
- 9) Sworn statement by the Bidder or its duly authorized representative in accordance in the form prescribed by the GPPB as to the following:
  - (a) It is not "blacklisted" or "barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/ foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;
  - (b) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;
  - (c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted:
  - (d) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/ or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative or joint venture;
  - (e) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of RA 3019;
  - (f) It complies with the responsibilities of a prospective or eligible bidder:
    - (i) Having taken steps to carefully examine all of the bidding documents;
    - (ii) Having knowledge all conditions, local or otherwise, affecting the implementation of the contract:
    - (iii) Having made an estimate of the facilities available and needed for the contract to be bid, if any; and
    - (iv) Having complied with his responsibility as provided for under Section 22.5.1.

	10	10) Duly notarized authority of the signatory based on 9.d above;							
	In lieu of 1, 2, and 4 the Bidder may submit a certified true copy of valid and current SSRS Certificate issued by the DOH.								
12.1 (a) (i)	"No othe	r acceptable proof of registration is recognize	ed."						
12.1(a)(iii)	include a	ement of all ongoing and completed governmall such contracts within two (2) years as proving the submission and receipt of bids.							
13.1		ler shall submit the following Financial Proped and tabbed as enumerated below:	osal docume	ents arrange	<u>d,</u>				
	(a)	Duly accomplished and signed Bid Form;							
	(b)	Duly accomplished and signed Price Schedu	ıle;						
13.2		is Four Million Six Hundred Seventy Two Ti PhP4,672,760.00). Any bid with a financial co l.							
	Item No.	Description	Qty	Unit	Total ABC (PhP)				
		ORAL PREPARATIONS:			` ,				
	1	Aluminum Hydroxide + Magnesium Hydroxide: (225mg aluminum hydroxide + 200mg magnesium hydroxide) per 5mL suspension, 120mL bottle, 144 bottles per carton	720	Amber bottle	11,520.00				
	2 Amoxicillin 500mg capsule (as trihydrate), 100 capsules per box, 10 capsules in blister pack, 72 boxes per carton								
	3 Amoxicillin 250mg/5mL 4,320 Amber 108,000.00 granules/powder for suspension, 60mL bottle (as trihydrate) 144 bottles per carton								
	4	·							
	5	Ascorbic acid 500mg tablet, 100 tablets per box, 1 tab in b.p., 10 tablets in blister pack, 72 boxes per carton	72,000	Tablet	57,600.00				

6	Ascorbic acid 100mg/5ml syrup, 60ml bottle, 144 bottle per carton	3,600	Amber bottle	54,000.00
7	Chloramphenicol 500mg capsule, 100 capsules per box, 1 cap in blister pack, 10 capsules in blister pack, 72 boxes per carton	50,400	Capsule	126,000.00
8	Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate), 144 bottles per carton	2,880	Amber bottle	72,000.00
9	Ciprofloxacin 250mg tablet (as hydrochloride) 1 tab in b.p., 10 tablets in blister pack, 100 tablets per box, 72 boxes per carton	72,000	Tablet	165,600.00
10	Cloxacillin 125mg/5ml powder for suspension, 60ml bottle (as sodium salt) 144 bottles per carton	2,880	Amber bottle	92,160.00
11	Cloxacillin 500mg capsule (as sodium salt), 100 capsules per box, 1 capsule in blister pack, 10 capsules in blister pack, 72 boxes per carton	72,000	Capsule	216,000.00
12	Cotrimoxazole 800mg sulfamethazole + 160mg trimethoprim per tablet, 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack, 72 boxes per carton	108,000	Tablet	140,400.00
13	Cotrimoxazole 200mg sulfamethazole + 40mg trimetoprim) per 5ml suspension, 60ml bottle, 144 bottles per carton	3,600	Amber bottle	54,000.00
14	Diphenhydramine 25mg capsule (as hydrochloride) 100 capsules per box, 1 capsule in blister pack, 10 capsules in blister pack, 72 boxes per carton	36,000	Capsule	72,000.00
15	Mefenamic acid 500mg capsule, 100 capsules per box, 1 capsule in blister pack, 10 capsules per blister pack, 72 boxes per carton	108,000	Capsule	86,400.00
16	Metronidazole 500mg tablet, 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack, 72 boxes per carton	72,000	Tablet	72,000.00
17	Metronidazole 125mg base/5ml (200mg/5ml as benzoate) suspension, 60ml bottle, 144 bottles per carton	1,440	Amber bottle	36,000.00
18	Metoprolol 100mg tablet (as tartrate) 100 tablets per box, 1 tablet in blister	72,000	Tablet	252,000.00

	pack, 10 tablets in blister pack, 72 boxes per carton			
19	Metformin 500mg tablet/film coated tablet (as hydrochloride), 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack	36,000	Tablet	72,000.00
20	Nifedipine 5mg capsule, 100 capsules per box, 1 capsule in blister pack, 10 capsules per blister pack, 72 boxes per carton	72,000	Capsule	144,000.00
21	Nifedipine 30mg MR tablet, 100 tablets per box, 1 tablet in aluminum foil, 10 tablets in aluminum foil	5,000	Tablet	160,000.00
22	Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free), 144 bottles per carton	3,600	Amber bottle	64,800.00
23	Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free), 144 bottles per carton	3,600	Amber bottle	50,400.00
24	Paracetamol 500mg tablet, 100 tablets per box, 1 tablet in blister pack, 10 tablets per blister pack, 72 boxes per carton	180,000	Tablet	72,000.00
25	Salbutamol 2mg tablet (as sulfate), 1 tablet in blister pack, 10 tablets in blisterpack, 100 tablets per box, 72 boxes per carton	72,000	Tablet	28,800.00
26	Vitamin B1B6B12 oral: 100mg B1 + 5mg B6 + 50 microgram B12 per capsule, 100 capsules per box, 1 capsule in aluminum foil, 10 capsules per aluminum foil, 72 boxes per carton	72,000	Capsule	54,000.00
27	Telmisartan 40mg tablet, 100 tablets per box, 1 tablet in aluminum foil, 10 tablets in aluminum foil	5,000	Tablet	150,000.00
28	Zinc (equivalent to 10mg elemental zinc) 15ml drops (as sulfate monohydrate) bottle with medicine dropper, 144 bottles per carton	2,880	Amber bottle	57,600.00
29	Zinc (equivalent to 20mg elemental zinc) 60ml bottle (as sulfate monohydrate), 144 bottles per carton	2,880	Amber bottle	172,800.00
30	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate),100 tablets per box, 1 tablet in blister pack, 10 tablets per blister pack, 100 boxes per carton	43,200	Tablet	129,600.00

		OINTMENT/CREAM:			
	31	Fucidate sodium/fucidic acid 2% cream 5 grams tube, 1 tube in a box, 100 tubes per carton	2,500	Tube	775,000.00
	32	Silver sulfadiazine 1% cream, 15 grams tube, tube in a box, 100 tubes per carton	3,000	Tube	600,000.00
		SOLUTIONS:			
	33	Gentamicin 0.3% eyedrops solution, 5ml bottle (as sulfate), 50 bottles per box	300	Plastic bottle	60,000.00
	34	Salbutamol 1mg/ml, 2.5 ml (unit dose) respiratory solution (for nebulization) (as sulfate) 50 nebules per box	5,000	Nebule	60,000.00
15.4(a) (iii)		ental services are required."			
15.4(b)	"Not app				
15.5	Bid Prices shall be fixed. Adjustable price proposals shall be treated as non-responsive and shall be rejected.				
15.6	Extraordinary circumstances refer to events that may be determined by the National Economic and Development Authority in accordance with the Civil Code of the Philippines, and upon the recommendation of the Procuring Entity.				
16.1(b)	The Bid prices for Goods supplied from outside of the Philippines shall be quoted in Philippine Pesos.				
16.3	No further instructions.				
17.1	Bids will be valid until One Hundred Twenty (120) calendar days from the opening of bids.				
18.1	<ol> <li>The bid security shall be in the following amount:</li> <li>2% of ABC, if bid security is in cash, cashier's/manager's check, bank draft/guarantee or irrevocable letter of credit;</li> <li>Any combination of the foregoing proportionate to the share of form with respect to total amount of security.</li> <li>Note: Surety Bond is <b>not</b> acceptable as a form of Bid Security.</li> </ol>				
18.2	The bid security shall be valid until 120 calendar days from the opening of bids.				
18.5(a)(iv)		wing as additional grounds for forfeiture of bio		<u>-</u>	
	1.	Submission of eligibility requirements contain documents.	ning false inf	ormation or fa	alsified
	2.	Submission of bids that contain false information concealment of such information in the bids			

	of eligibility screening or any other stage of the public bidding.		
	3. Allowing the use of one's name, or using the name of another for purposes of public bidding.		
	4. Withdrawal of a bid, or refusal to accept an award, or enter into contract with the Government without justifiable cause, after the Bidder had been adjudged as having submitted the Lowest Calculated and Responsive Bid.		
	5. Refusal or failure to post the required performance security within the prescribed time.		
	6. Refusal to clarify or validate in writing its bid during post-qualification within a period of seven (7) calendar days from receipt of the request for clarification.		
	7. Any documented unsolicited attempt by a bidder to unduly influence the outcome of the bidding in his favor.		
	8. Failure of the potential joint venture partners to enter into the joint venture after the bid is declared as successful.		
	9. All other acts that tend to defeat the purpose of the competitive bidding, such as habitually withdrawing from bidding, submitting late Bids or patently insufficient bid, for at least three (3) times within a year, except for valid reasons.		
18.5(b)(iii)	No further instructions.		
20.1	No further instructions.		
20.3	Each Bidder shall submit <i>one</i> (1) original and <i>two</i> (2) copies of the first and second components of its bid.		
21	The address for submission of bids is:		
	COBAC Conference Room Ground Floor, Building 6 Department of Health San Lazaro Compound, Rizal Avenue, Sta. Cruz, Manila		
	The deadline for submission of bids is: 9:00 a.m. 24 May 2010.		
24.1	The place of bid opening is:		
	COBAC Conference Room Ground Floor, Building 6 Department of Health San Lazaro Compound, Rizal Avenue, Sta. Cruz, Manila		

	The date and time of bid opening is: 9:00 a.m., 24 May 2010.
25.1	No further instructions.
27.1	No further instructions.
28.3	Grouping and Evaluation of Lots – Each item to be evaluated and compared with other Bids separately and recommended for contract award separately.
28.3(b)	Bid modification is <i>not allowed</i> .
28.5	No further instructions.
29.2(b)	Bidders have option to submit manually filed tax returns or tax returns filed through the Electronic Filing and Payments System.  NOTE: The latest income and business tax returns are those within the last six months preceding the date of bid submission.
29.2(d)	The LCB shall submit the following documentary requirements within a <u>non-extendible</u> <u>period of three (3) calendar days</u> from receipt of the notification.
	<ul> <li>(a) Tax clearance certificate issued by BIR main office Collection Enforcement Division (per Executive Order 398, Series of 2005);</li> </ul>
	(b) Latest Annual Tax Return filed thru Electronic Filing and Payment Systems or manually filed and must be duly validated with the tax payments made thereon for the preceding Tax Year be it on a calendar or fiscal year income (per Revenue Regulations 3-2005);
	(c) Latest Business Tax Return filed thru Electronic Filing and Payment System duly validated with the tax payments made thereon also refers to the Value Added Tax or Percentage Tax Returns covering the previous six (6) months (per Revenue Regulations 3-2005);
	(d) Valid and current Certificate of PhilGEPS Registration;
	(e) Valid and current License to Operate issued by FDA of the DOH;
	(f) Valid and current Certificate of Product Registration issued by FDA of the DOH for the item/s to be bid; and
	(g) Valid and current CGMP issued by FDA or equivalent document in the case of foreign suppliers, authenticated by the Philippine Consulate.
	Failure of the Bidder declared as LCB to duly submit the requirements stated above or a finding against the veracity of such shall be ground for forfeiture of the bid security and disqalify the Bidder for award.
32.4(g)	None
34.2	The effective date of the Contract is the date of the Supplier's receipt of the Notice to Proceed.

### I. GENERAL CONDITTIONS OF THE CONTRACT

### GENERAL CONDITIONS OF THE CONTRACT

### 1. Definitions

- 1.1 In this Contract, the following terms shall be interpreted as indicated:
  - (a) "The Contract" means the agreement entered into between the Procuring Entity and the Supplier, as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.
  - (b) "The Contract Price" means the price payable to the Supplier under the Contract for the full and proper performance of its contractual obligations.
  - (c) "The Goods" means all of the supplies, equipment, machinery, spare parts, other materials and/or general support services which the Supplier is required to provide to the Procuring Entity under the Contract.
  - (d) "The Services" means those services ancillary to the supply of the Goods, such as transportation and insurance, and any other incidental services, such as installation, commissioning, provision of technical assistance, training, and other such obligations of the Supplier covered under the Contract.
  - (e) "GCC" means the General Conditions of Contract contained in this Section.
  - (f) "SCC" means the Special Conditions of Contract.
  - (g) "The Procuring Entity" means the organization purchasing the Goods, as named in the SCC.
  - (h) "The Procuring Entity's country" is the Philippines.
  - (i) "The Supplier" means the individual contractor, manufacturer distributor, or firm supplying/manufacturing the Goods and Services under this Contract and named in the SCC.
  - (j) The "Funding Source" means the organization named in the SCC.
  - (k) "The Project Site," where applicable, means the place or places named in the SCC.
  - (I) "Day" means calendar day.

- (m) The "Effective Date" of the contract will be the date of receipt by the Supplier of the Notice to Proceed or the date provided in the Notice to Proceed. Performance of all obligations shall be reckoned from the Effective Date of the Contract.
- (n) "Verified Report" refers to the report submitted by the Implementing Unit to the Head of the Procuring Entity setting forth its findings as to the existence of grounds or causes for termination and explicitly stating its recommendation for the issuance of a Notice to Terminate.

### 2. Corrupt, Fraudulent, Collusive, and Coercive Practices

- 2.1 The Procuring Entity as well as the bidders, contractors, or suppliers shall observe the highest standard of ethics during the procurement and execution of this Contract. In pursuance of this policy, the Procuring Entity:
  - (a) defines, for the purposes of this provision, the terms set forth below as follows:
    - i. "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and it includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the Government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in Republic Act 3019.
    - ii. "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of the Procuring Entity, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Procuring Entity of the benefits of free and open competition.
    - iii. "collusive practices" means a scheme or arrangement between two or more Bidders, with or without the knowledge of the Procuring Entity, designed to establish bid prices at artificial, non-competitive levels.
    - iv. "coercive practices" means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;

- (b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.
- 2.2 Further the Funding Source, Borrower or Procuring Entity, as appropriate, will seek to impose the maximum civil, administrative and/or criminal penalties available under the applicable law on individuals and organizations deemed to be involved with any of the practices mentioned in GCC Clause 2.1(a).

### 3. Inspection and Audit by the Funding Source

The Supplier shall permit the Funding Source to inspect the Supplier's accounts and records relating to the performance of the Supplier and to have them audited by auditors appointed by the Funding Source, if so required by the Funding Source.

### 4. Governing Law and Language

- 4.1 This Contract shall be interpreted in accordance with the laws of the Republic of the Philippines.
- 4.2 This Contract has been executed in the English language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract. All correspondence and other documents pertaining to this Contract exchanged by the parties shall be written in English.

### 5. Notices

- 5.1 Any notice, request, or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request, or consent shall be deemed to have been given or made when received by the concerned party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram, or facsimile to such Party at the address specified in the SCC, which shall be effective when delivered and duly received or on the notice's effective date, whichever is later.
- 5.2 A Party may change its address for notice hereunder by giving the other Party notice of such change pursuant to the provisions listed in the SCC for GCC Clause 5.1.

### 6. Scope of Contract

- 6.1 The GOODS and Related Services to be provided shall be as specified in Section IV Schedule of Requirements.
- 6.2 This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein. Any additional requirements for the completion of this Contract shall be provided in the SCC.

### 7. Subcontracting

- 7.1 Subcontracting of any portion of the Goods, if allowed in the BDS, does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.
- 7.2 Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of the Procuring Entity.

### 8. Procuring Entity's Responsibilities

- 8.1 Whenever the performance of the obligations in this Contract requires that the Supplier obtain permits, approvals, import, and other licenses from local public authorities, the Procuring Entity shall, if so needed by the Supplier, make its best effort to assist the Supplier in complying with such requirements in a timely and expeditious manner.
- 8.2 The Procuring Entity shall pay all costs involved in the performance of its responsibilities in accordance with GCC Clause 6.

### 9. Prices

Prices charged by the Supplier for Goods delivered and/or services performed under this Contract shall not vary from the prices quoted by the Supplier in its bid, with the exception of any change in price resulting from a Change Order issued in accordance with GCC Clause 29, or if applicable, adjustments authorized in accordance with the price adjustment provisions specified in the SCC.

### 10. Payment

- Unless otherwise specified in the SCC, payments shall be made only upon a certification by the Head of the Procuring Entity to the effect that the Goods have been rendered or delivered in accordance with the terms of this Contract and have been duly inspected and accepted. Except with the prior approval of the President no payment shall be made for services not yet rendered or for supplies and materials not yet delivered under this Contract. Ten percent (10%) of the amount of each payment shall be retained by the Procuring Entity to cover the Supplier's warranty obligations under this Contract as described in GCC Clause 17.
- 10.2 The Supplier's request(s) for payment shall be made to the Procuring Entity in writing, accompanied by an invoice describing, as appropriate, the Goods delivered and/or Services performed, and by documents submitted pursuant to the SCC provision for GCC Clause 6.2 and upon fulfillment of other obligations stipulated in this Contract.
- 10.3 Pursuant to GCC Clause 10.2, payments shall be made promptly by the Procuring Entity, but in no case later than sixty (60) days after submission of an invoice or claim by the Supplier.
- 10.4 Unless otherwise specified in the SCC, the currency in which payment is made to the Supplier under this Contract shall be in Philippine Pesos.

### 11. Advance Payment

- 11.1 Advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the Contract amount, unless otherwise directed by the President or in cases allowed under Annex "D" of the revised IRR.
- 11.2 For Goods supplied from abroad, ten percent (10%) of the Contract price shall be paid within sixty (60) calendar days from signing of the contract and upon submission of a claim and a bank guarantee issued by a licensed bank for the equivalent amount valid until the Goods are delivered and in the form provided in Section VIII. Bidding Forms.
- 11.3 All progress payments shall first be charged against the advance payment until the latter has been fully exhausted.

### 12. Taxes and Duties

The Supplier, whether local or foreign, shall be entirely responsible for all the necessary taxes, stamp duties, license fees, and other such levies imposed for the completion of this Contract.

### 13. Performance Security

- 13.1 Unless otherwise specified in the SCC, within ten (10) calendar days from receipt of the Notice of Award from the Procuring Entity but in no case later than the signing of the contract by both parties, the successful Bidder shall furnish the performance security in any the forms prescribed in the ITB Clause 33.2.
- 13.2 The performance security posted in favor of the Procuring Entity shall be forfeited in the event it is established that the winning bidder is in default in any of its obligations under the contract.
- 13.3 The performance security shall remain valid until issuance by the Procuring Entity of the Certificate of Final Acceptance.
- 13.4 Unless otherwise specified in the SCC, the performance security may be released by the Procuring Entity and returned to the Supplier after the issuance of the Certificate of Final Acceptance subject to the following conditions:
  - (a) There are no pending claims against the Supplier or the surety company filed by the Procuring Entity;
  - (b) The Supplier has no pending claims for labor and materials filed against it; and
  - (c) Other terms specified in the SCC.
- 13.5 In case of a reduction of the contract value, the Procuring Entity shall allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

### 14. Use of Contract Documents and Information

- 14.1 The Supplier shall not, except for purposes of performing the obligations in this Contract, without the Procuring Entity's prior written consent, disclose this Contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the Procuring Entity. Any such disclosure shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.
- 14.2 Any document, other than this Contract itself, enumerated in GCC Clause 14.1 shall remain the property of the Procuring Entity and shall be returned (all copies) to the Procuring Entity on completion of the Supplier's performance under this Contract if so required by the Procuring Entity.

### 15. Standards

The Goods provided under this Contract shall conform to the standards mentioned in the Section VII Technical Specifications; and, when no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the institution concerned.

### 16. Inspection and Tests

- The Procuring Entity or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Contract specifications at no extra cost to the Procuring Entity. The SCC and Section VII. Technical Specifications shall specify what inspections and/or tests the Procuring Entity requires and where they are to be conducted. The Procuring Entity shall notify the Supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.
- 16.2 If applicable, the inspections and tests may be conducted on the premises of the Supplier or its subcontractor(s), at point of delivery, and/or at the goods' final destination. If conducted on the premises of the Supplier or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to the Procuring Entity.
- 16.3 The Procuring Entity or its designated representative shall be entitled to attend the tests and/or inspections referred to in this Clause provided that the Procuring Entity shall bear all of its own costs and expenses incurred in connection with such attendance including, but not limited to, all traveling and board and lodging expenses.
- The Procuring Entity may reject any Goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The Supplier shall either rectify or replace such rejected Goods or parts thereof or make alterations necessary to meet the specifications at no cost to the Procuring Entity, and shall repeat the test and/or inspection, at no cost to the Procuring Entity, upon giving a notice pursuant to GCC Clause 5.
- The Supplier agrees that neither the execution of a test and/or inspection of the Goods or any part thereof, nor the attendance by the Procuring Entity or its representative, shall release the Supplier from any warranties or other obligations under this Contract.

### 17. Warranty

- 17.1 The Supplier warrants that the Goods supplied under the Contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, except when the technical specifications required by the Procuring Entity provides otherwise.
- 17.2 The Supplier further warrants that all Goods supplied under this Contract shall have no defect, arising from design, materials, or workmanship or from any act or omission of the Supplier that may develop under normal use of the supplied Goods in the conditions prevailing in the country of final destination.
- 17.3 In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier for a minimum period specified in the SCC. The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to at least ten percent (10%) of every progress payment, or a special bank guarantee equivalent to at least ten percent (10%) of the Contract Price or other such amount if so specified in the SCC. The said amounts shall only be released after the lapse of the warranty period specified in the SCC; provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under this Contract have been fully met.
- 17.4 The Procuring Entity shall promptly notify the Supplier in writing of any claims arising under this warranty. Upon receipt of such notice, the Supplier shall, within the period specified in the SCC and with all reasonable speed, repair or replace the defective Goods or parts thereof, without cost to the Procuring Entity.
- 17.5 If the Supplier, having been notified, fails to remedy the defect(s) within the period specified in GCC Clause 17.4, the Procuring Entity may proceed to take such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which the Procuring Entity may have against the Supplier under the Contract and under the applicable law.

### 18. Delays in the Supplier's Performance

- 18.1 Delivery of the Goods and/or performance of Services shall be made by the Supplier in accordance with the time schedule prescribed by the Procuring Entity in Section VI. Schedule of Requirements.
- 18.2 If at any time during the performance of this Contract, the Supplier or its Subcontractor(s) should encounter conditions impeding timely delivery of the Goods and/or performance of Services, the Supplier shall promptly notify the Procuring Entity in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the Supplier's notice, and upon causes provided for under GCC Clause 22, the Procuring Entity shall evaluate the situation and may extend the Supplier's time for performance, in which case the extension shall be ratified by the parties by amendment of Contract.

18.3 Except as provided under GCC Clause 22, a delay by the Supplier in the performance of its obligations shall render the Supplier liable to the imposition of liquidated damages pursuant to GCC Clause 19 unless an extension of time is agreed upon pursuant to GCC Clause 29 without the application of liquidated damages.

### 19. Liquidated Damages

Subject to GCC Clauses 18 and 22, if the Supplier fails to satisfactorily deliver any or all of the Goods and/or to perform the Services within the period(s) specified in this Contract inclusive of duly granted time extensions if any, the Procuring Entity shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, a sum equivalent to the percentage specified in the SCC of the delivered price of the delayed Goods or unperformed Services for each week or part thereof of delay until actual delivery or performance, up to a maximum deduction of the percentage specified in the SCC. Once the maximum is reached, the Procuring Entity shall rescind the Contract pursuant to GCC Clause 23, without prejudice to other courses of action and remedies open to it.

### 20. Settlement of Disputes

- 20.1 If any dispute or difference of any kind whatsoever shall arise between the Procuring Entity and the Supplier in connection with or arising out of this Contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.
- 20.2 If after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the Procuring Entity or the Supplier may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given.
- 20.3 Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this Clause shall be settled by arbitration. Arbitration may be commenced prior to or after delivery of the Goods under this Contract.
- 20.4 Arbitration proceedings shall be conducted in accordance with the rules of procedure specified in the SCC.
- 20.5 Notwithstanding any reference to arbitration herein, the parties shall continue to perform their respective obligations under the Contract unless they otherwise agree and the Procuring Entity shall pay the Supplier any monies due the Supplier.

## 21. Liability of the Supplier

- 21.1 Subject to additional provisions, if any, set forth in the SCC, the Supplier's liability under this Contract shall be as provided by the laws of the Republic of the Philippines.
- 21.2 Except in cases of criminal negligence or willful misconduct, and in the case of infringement of patent rights, if applicable, the aggregate liability of the Supplier to the Procuring Entity shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

## 22. Force Majeure

- 22.1 The Supplier shall not be liable for forfeiture of its performance security, liquidated damages, or termination for default if and to the extent that its delay in performance or other failure to perform its obligations under the Contract is the result of a *force majeure*.
- 22.2 For purposes of this Contract the terms "force majeure" and "fortuitous event" may be used interchangeably. In this regard, a fortuitous event or force majeure shall be interpreted to mean an event which the Contractor could not have foreseen, or which though foreseen, was inevitable. It shall not include ordinary unfavorable weather conditions; and any other cause the effects of which could have been avoided with the exercise of reasonable diligence by the Contractor.
- 22.3 If a *force majeure* situation arises, the Supplier shall promptly notify the Procuring Entity in writing of such condition and the cause thereof. Unless otherwise directed by the Procuring Entity in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the *force majeure*.

## 23. Termination for Default

- 23.1 The Procuring Entity shall terminate this Contract for default when any of the following conditions attends its implementation:
- Outside of *force majeure*, the Supplier fails to deliver or perform any or all of the Goods within the period(s) specified in the contract, or within any extension thereof granted by the Procuring Entity pursuant to a request made by the Supplier prior to the delay, and such failure amounts to at least ten percent (10%) of the contract price;

- As a result of *force majeure*, the Supplier is unable to deliver or perform any or all of the Goods, amounting to at least ten percent (10%) of the contract price, for a period of not less than sixty (60) calendar days after receipt of the notice from the Procuring Entity stating that the circumstance of force majeure is deemed to have ceased; or
- 23.4 The Supplier fails to perform any other obligation under the Contract.
- 23.5 In the event the Procuring Entity terminates this Contract in whole or in part, for any of the reasons provided under GCC Clauses 23 to 26, the Procuring Entity may procure, upon such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Supplier shall be liable to the Procuring Entity for any excess costs for such similar Goods or Services. However, the Supplier shall continue performance of this Contract to the extent not terminated.
- 24.6 In case the delay in the delivery of the Goods and/or performance of the Services exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the Supplier, the Procuring Entity may terminate this Contract, forfeit the Supplier's performance security and award the same to a qualified Supplier

## 24. Termination for Insolvency

The Procuring Entity shall terminate this Contract if the Supplier is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction. In this event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the Procuring Entity and/or the Supplier.

#### 25. Termination for Convenience

- 25.1 The Procuring Entity may terminate this Contract, in whole or in part, at any time for its convenience. The Head of the Procuring Entity may terminate a contract for the convenience of the Government if he has determined the existence of conditions that make Project Implementation economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in law and national government policies.
- 25.2 The Goods that have been delivered and/or performed or are ready for delivery or performance within thirty (30) calendar days after the Supplier's receipt of Notice to Terminate shall be accepted by the Procuring Entity at the contract terms and prices. For Goods not yet performed and/or ready for delivery, the Procuring Entity may elect:

- (a) to have any portion delivered and/or performed and paid at the contract terms and prices; and/or
- (b) to cancel the remainder and pay to the Supplier an agreed amount for partially completed and/or performed goods and for materials and parts previously procured by the Supplier.
- 25.3 If the Supplier suffers loss in its initial performance of the terminated contract, such as purchase of raw materials for goods specially manufactured for the Procuring Entity which cannot be sold in open market, it shall be allowed to recover partially from this Contract, on a *quantum meruit* basis. Before recovery may be made, the fact of loss must be established under oath by the Supplier to the satisfaction of the Procuring Entity before recovery may be made.

### 26. Termination for Unlawful Acts

- 26.1 The Procuring Entity may terminate this Contract in case it is determined *prima facie* that the Supplier has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to, the following:
  - (a) Corrupt, fraudulent, and coercive practices as defined in ITB Clause 3.1(a);
  - (b) Drawing up or using forged documents;
  - (c) Using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and
  - (d) Any other act analogous to the foregoing.

### 27. Procedures for Termination of Contracts

- 27.1 The following provisions shall govern the procedures for termination of this Contract:
  - (a) Upon receipt of a written report of acts or causes which may constitute ground(s) for termination as aforementioned, or upon its own initiative, the Implementing Unit shall, within a period of seven (7) calendar days, verify the existence of such ground(s) and cause the execution of a Verified Report, with all relevant evidence attached;

- (b) Upon recommendation by the Implementing Unit, the Head of the Procuring Entity shall terminate this Contract only by a written notice to the Supplier conveying the termination of this Contract. The notice shall state:
  - that this Contract is being terminated for any of the ground(s) aforementioned, and a statement of the acts that constitute the ground(s) constituting the same;
  - ii. the extent of termination, whether in whole or in part;
  - iii. an instruction to the Supplier to show cause as to why this Contract should not be terminated; and
  - iv. special instructions of the Procuring Entity, if any.
- (c) The Notice to Terminate shall be accompanied by a copy of the Verified Report;
- (d) Within a period of seven (7) calendar days from receipt of the Notice of Termination, the Supplier shall submit to the Head of the Procuring Entity a verified position paper stating why this Contract should not be terminated. If the Supplier fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the Head of the Procuring Entity shall issue an order terminating this Contract;
- (e) The Procuring Entity may, at anytime before receipt of the Supplier's verified position paper to withdraw the Notice to Terminate if it is determined that certain items or works subject of the notice had been completed, delivered, or performed before the Supplier's receipt of the notice;
- (f) Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the Head of the Procuring Entity shall decide whether or not to terminate this Contract. It shall serve a written notice to the Supplier of its decision and, unless otherwise provided, this Contract is deemed terminated from receipt of the Supplier of the notice of decision. The termination shall only be based on the ground(s) stated in the Notice to Terminate;
- (g) The Head of the Procuring Entity may create a Contract Termination Review Committee to assist him in the discharge of this function. All decisions recommended by the CTRC shall be subject to the approval of the Head of the Procuring Entity; and

(h) The Supplier must serve a written notice to the Procuring Entity of its intention to terminate the contract at least thirty (30) calendar days before its intended termination. The Contract is deemed terminated if it is not resumed in thirty (30) calendar days after the receipt of such notice by the Procuring Entity.

## 28. Assignment of Rights

The Supplier shall not assign his rights or obligations under this Contract, in whole or in part, except with the Procuring Entity's prior written consent.

## 29. Contract Amendment

Subject to applicable laws, no variation in or modification of the terms of this Contract shall be made except by written amendment signed by the parties.

## 30. Application

These General Conditions shall apply to the extent that they are not superseded by provisions of other parts of this Contract.

# J. SPECIAL CONDITIONS OF THE CONTRACT

# **Special Conditions of Contract**

GCC Clause							
1.1(g)	The Procuring Entity is Department of Health (DOH).						
1.1(i)	The Supplier is [to be inserted at the time of contract award].						
1.1(j)	The Funding Source is:						
	The Government of the Philippines through the General Appropriations Act CY 2010 in the amount of Four Million Six Hundred Seventy Two Thousand Seven Hundred Sixty Philippine Pesos (PhP4,672,760.00).						
1.1(k)	The Project sites are defined in Section VI. Schedule of Requirements.						
5.1	The Procuring Entity's address for Notices is:						
	[Insert address including, name of contact, fax and telephone number]  The Supplier's address for Notices is:						
	[Insert address including, name of contact, fax and telephone number]						
6.2	Delivery and Documents –						
	For purposes of the Contract, "EXW," "FOB," "FCA," "CIF," "CIP," "DDP" and other trade terms used to describe the obligations of the parties shall have the meanings assigned to them by the current edition of INCOTERMS published by the International Chamber of Commerce, Paris. The Delivery terms of this Contract shall be as follows:						
	For foreign Suppliers, state "The delivery terms applicable to the Contract are DDP delivered [insert place of destination]. In accordance with INCOTERMS."						
	For domestic Suppliers, state "The delivery terms applicable to this Contract are delivered [insert place of destination]. Risk and title will						

pass from the Supplier to the Procuring Entity upon receipt and final acceptance of the Goods at their final destination."

Delivery of the Goods shall be made by the Supplier in accordance with the terms specified in Section VI. Schedule of Requirements. The details of shipping and/or other documents to be furnished by the Supplier are as follows:

For Goods supplied from within the Philippines or by domestic Suppliers:

Upon delivery of the Goods to the Project Site, the Supplier shall notify the Procuring Entity and present the following documents to the Procuring Entity:

- Original and four copies of the Supplier's invoice showing Goods' description, quantity, unit price, and total amount;
- (ii) Original and four copies delivery receipt/note, railway receipt, or truck receipt;
- (iii) Original Supplier's factory inspection report;
- (iv) Original and four copies of the Manufacturer's and/or Supplier's warranty certificate;
- (v) Original and four copies of the certificate of origin (for imported Goods);
- (vi) Delivery receipt detailing number and description of items received signed by the authorized receiving personnel:
- (vii) Certificate of Acceptance/Inspection Report signed by the Procuring Entity's representative at the Project Site; and
- (viii) Four copies of the Invoice Receipt for Property signed by the Procuring Entity's representative at the Project Site.

For Goods supplied from abroad (excluding domestic Suppliers):

Upon shipment, the Supplier shall notify the Procuring Entity and the insurance company by cable the full details of the shipment, including Contract Number, description of the Goods, quantity, vessel, bill of lading number and date, port of loading, date of shipment, port of discharge etc. Upon delivery to the Project Site, the Supplier shall notify the Procuring Entity and present the following documents as applicable with the documentary requirements of any letter of credit issued taking precedence:

- (i) Original and four copies of the Supplier's invoice showing Goods description, quantity, unit price, and total amount;
- Original and four copies of the negotiable, clean shipped on board bill of lading marked "freight pre-paid" and five copies of the nonnegotiable bill of lading;
- (iii) Original Supplier's factory inspection report;
- (iv) Original and four copies of the Manufacturer's and/or Supplier's warranty certificate;
- (v) Original and four copies of the certificate of origin (for imported Goods):
- (vi) Delivery receipt detailing number and description of items received signed by the Procuring Entity's representative at the Project Site;
- (vii) Certificate of Acceptance/Inspection Report signed by the Procuring Entity's representative at the Project Site; and
- (viii) Four copies of the Invoice Receipt for Property signed by the Procuring Entity's representative at the Project Site.

For purposes of this Clause the Procuring Entity's Representative at the Project Site is [insert name(s)].

### Packaging -

The Supplier shall provide such packaging of the Goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in this Contract. The packaging shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging case size and weights shall take into consideration, where appropriate, the remoteness of the GOODS' final destination and the absence of heavy handling facilities at all points in transit.

The packaging, marking, and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the Contract, including additional requirements, if any, specified below, and in any subsequent instructions ordered by the Procuring Entity.

The outer packaging must be clearly marked on at least four (4) sides as follows:

Name of the Procuring Entity

Name of the Supplier

**Contract Description** 

Final Destination Gross

weight

Any special lifting instructions

Any special handling instructions

Any relevant HAZCHEM classifications

A packaging list identifying the contents and quantities of the package is to be placed on an accessible point of the outer packaging if practical. If not practical the packaging list is to be placed inside the outer packaging but outside the secondary packaging.

#### Insurance -

The Goods supplied under this Contract shall be fully insured by the Supplier in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage, and delivery. The Goods remain at the risk and title of the Supplier until their final acceptance by the Procuring Entity.

### Transportation –

Where the Supplier is required under Contract to deliver the Goods CIF, CIP or DDP, transport of the Goods to the port of destination or such other named place of destination in the Philippines, as shall be specified in this Contract, shall be arranged and paid for by the Supplier, and the cost thereof shall be included in the Contract Price.

Where the Supplier is required under this Contract to transport the Goods to a specified place of destination within the Philippines, defined as the Project Site, transport to such place of destination in the Philippines, including insurance and storage, as shall be specified in this Contract, shall be arranged by the Supplier, and related costs shall be included in the Contract Price.

Where the Supplier is required under Contract to deliver the Goods

	CIF, CIP or DDP, Goods are to be transported on carriers of Philippine registry. In the event that no carrier of Philippine registry is available, Goods may be shipped by a carrier which is not of Philippine registry provided that the Supplier obtains and presents to the Procuring Entity certification to this effect from the nearest Philippine consulate to the port of dispatch. In the event that carriers of Philippine registry are available but their schedule delays the Supplier in its performance of this Contract the period from when the Goods were first ready for shipment and the actual date of shipment the period of delay will be considered <i>force majeure</i> in accordance with GCC Clause 22.  The Procuring Entity accepts no liability for the damage of Goods during transit other than those prescribed by INCOTERMS for DDP Deliveries. In the case of Goods supplied from within the Philippines or supplied by domestic Suppliers risk and title will not be deemed to have passed to the Procuring Entity until their receipt and final acceptance at the final destination.  Patent Rights —  The Supplier shall indemnify the Procuring Entity against all third-party their actions of infinite parts of the parts of p
	claims of infringement of patent, trademark, or industrial design rights arising from use of the Goods or any part thereof.
9	For the given scope of work in this Contract as awarded, all bid prices are considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and the revised IRR-A.
10.1	Other requirements for payment:
	Within a period of thirty (30) days from receipt of delivery, a one hundred percent (100%) payment arrangement shall be made to the company upon receipt of satisfactory results of analysis from FDA.
	2. If, however, by thirty (30) days from receipt of delivery, FDA cannot release the results of laboratory analysis, the Company shall be paid fifty (50%) of the due amount. The remaining fifty percent (50%) balance is to be paid after obtaining a satisfactory FDA report of analysis.
10.4	No further instructions.

13.1	No further instructions.						
13.4	No further instructions.						
13.4(c)	"No further instructions".						
16.1	The inspections and tests that will be conducted are:						
	Upon delivery, the Goods shall undergo preliminary physical inspection by the Inspection Team of the PROCURING ENTITY to ascertain the physical condition and acceptability of the Goods.						
	2) In compliance with FDA Bureau Circular No. 6-A dated 11 June 2001, random samples shall be selected by a designated FDA representative, witnessed by a representative from the Supplier, for purposes of laboratory analysis. The tests to be conducted and sample sizes are as follows:						
	a) Physico-Chemical Test						
	i. Tablet/capsule – 1 commercial presentation (min of 50 pcs.)						
	ii. Liquid/Suspension Solution – 60mlx6 bottles; 120ml x 6 bottles						
	iii. Granules/Powders for Suspension – 30ml x 6 bottles; 60ml x 6 bottles						
	b) Sterility Test						
	i. Solid Preparations: Less than 50mg or more but <200mg or 200mg or more – minimum of 20 bottles						
	ii. Liquid Preparations: 1ml to 100ml – minimum of 20 bottles; 50ml to 1000ml- minimum of 6 bottles						
	c) Microbiological Test						
	i. Tablet/capsule – number of tablets/capsules equivalent to at least 20g						
	ii. Liquid Preparations – 500ml to 1000ml – minimum of 6 bottles.						

	3) The supplier shall promptly replace the equivalent quantity of Goods taken as samples without cost to the PROCURING ENTITY.				
	4) Pending FDA analysis, said products should <i>not</i> be distributed to endusers nor shall it be used such time it is cleared by FDA laboratory testing.				
	5) If FDA inspection or results of laboratory analysis show major violations, the entire product line of the drug is temporarily suspended from accreditation, regardless of the batch or lot in question.				
17.3	Three (3) months after acceptance by the Procuring Entity of the delivered Goods or after Goods are consumed; whichever is earlier.				
17.4 and 17.5	The period for correction of defects in the warranty period is seven (7) calendar days.				
19	The applicable rate is one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay.				
	The maximum deduction shall be ten percent (10%) of the amount of contract. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the contract, the procuring entity shall rescind the contract, without prejudice to other courses of action and remedies open to it.				
20.4	In the case of a dispute between the Procuring Entity and the Supplier, the dispute shall be resolved in accordance with Republic Act 9285 ("R.A. 9285"), otherwise known as the "Alternative Dispute Resolution Act of 2004."				
21.1	"No additional provision".				

# **K. SCHEDULE OF REQUIREMENTS**

# Section VI. Schedule of Requirements

The delivery schedule expressed as weeks/months stipulates hereafter a delivery date which is the date of delivery to the project site.

Item Number	Description	Quantity	Total	Delivery Site	Delivered, Weeks/Months
	ORAL PREPARATIONS:				
1	Aluminum Hydroxide + Magnesium Hydroxide: (225mg aluminum hydroxide + 200mg magnesium hydroxide) per 5mL suspension, 120mL bottle, 144 bottles per carton	720	Amber bottle	DOH Warehouse, Material Management Division,Department of Health, San Lazaro Compound, Sta. Cruz, Manila	Thirty (30) calendar days upon receipt of the Notice to Proceed.
2	Amoxicillin 500mg capsule (as trihydrate), 100 capsules per box, 10 capsules in blister pack, 72 boxes per carton	180,000	Capsule		
3	Amoxicillin 250mg/5mL granules/powder for suspension, 60mL bottle (as trihydrate) 144 bottles per carton	4,320	Amber bottle		
4	Amoxicillin 125mg/5mL granules/powder for suspension, 60mL bottle (as trihydrate), 144 bottles per carton	2,880	Amber bottle		
5	Ascorbic acid 500mg tablet, 100 tablets per box, 1 tab in b.p., 10 tablets in blister pack, 72 boxes per carton	72,000	Tablet		
6	Ascorbic acid	3,600	Amber		

	100mg/5ml syrup, 60ml bottle, 144 bottle per carton		bottle
7	Chloramphenicol 500mg capsule, 100 capsules per box, 1 cap in blister pack, 10 capsules in blister pack, 72 boxes per carton	50,400	Capsule
8	Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate), 144 bottles per carton	2,880	Amber bottle
9	Ciprofloxacin 250mg tablet (as hydrochloride) 1 tab in b.p., 10 tablets in blister pack, 100 tablets per box, 72 boxes per carton	72,000	Tablet
10	Cloxacillin 125mg/5ml powder for suspension, 60ml bottle (as sodium salt) 144 bottles per carton	2,880	Amber bottle
11	Cloxacillin 500mg capsule (as sodium salt), 100 capsules per box, 1 capsule in blister pack, 10 capsules in blister pack, 72 boxes per carton	72,000	Capsule
12	Cotrimoxazole 800mg sulfamethazole + 160mg trimethoprim per tablet, 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack, 72 boxes per carton	108,000	Tablet
13	Cotrimoxazole 200mg sulfamethazole + 40mg trimetoprim) per 5ml suspension, 60ml bottle, 144 bottles per carton	3,600	Amber bottle

14	Diphenhydramine 25mg Capsule (as hydrochloride) 100 capsules per box, 1 capsule in blister pack, 10 capsules in blister pack, 72 boxes per carton	36,000	Capsule	
15	Mefenamic acid 500mg capsule, 100 capsules per box, 1 capsule in blister pack, 10 capsules per blister pack, 72 boxes per carton	108,000	Capsule	
16	Metronidazole 500mg tablet, 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack, 72 boxes per carton	72,000	Tablet	
17	Metronidazole 125mg base/5ml (200mg/5ml as benzoate) suspension, 60ml bottle, 144 bottles per carton	1,440	Amber bottle	
18	Metoprolol 100mg tablet (as tartrate) 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack, 72 boxes per carton	72,000	Tablet	
19	Metformin 500mg tablet/film coated tablet (as hydrochloride), 100 tablets per box, 1 tablet in blister pack, 10 tablets in blister pack	36,000	Tablet	
20	Nifedipine 5mg capsule, 100 capsules per box, 1 capsule in blister packl, 10 capsules per blister pack, 72 boxes per carton	72,000	Capsule	
21	Nifedipine 30mg MR tablet, 100 tablets per box, 1 tablet in aluminum foil, 10 tablets in aluminum foil	5,000	Tablet	

22	Paracetamol 250mg/5ml	3,600	Amber
	syrup, 60ml bottle (alcohol free), 144 bottles		bottle
	per carton		
23	Paracetamol 120mg/5ml (125mg/5ml) syrup/	3,600	Amber bottle
	suspension, 60ml bottle		Dottie
	(alcohol free), 144 bottles		
24	per carton Paracetamol 500mg	180,000	Tablet
24	tablet, 100 tablets per	100,000	Tablet
	box, 1 tablet in blister		
	pack, 10 tablets per blister pack, 72 boxes per		
	carton		
25	Salbutamol 2mg tablet	72,000	Tablet
	(as sulfate), 1 tablet in blister pack, 10 tablets in		
	blisterpack, 100 tablets		
	per box, 72 boxes per carton		
26	Vitamin B1B6B12 oral:	72,000	Capsule
	100mg B1 + 5mg B6 +		
	50 microgram B12 per capsule, 100 capsules per		
	box, 1 capsule in		
	aluminum foil, 10 capsules per aluminum		
	foil, 72 boxes per carton		
27	Telmisartan 40mg tablet,	5,000	Tablet
	100 tablets per box, 1 tablet in aluminum foil,		
	10 tablets in aluminum foil		
28	Zina (aguiyalant ta 10ma	2 000	Ambar
20	Zinc (equivalent to 10mg Elemental zinc) 15ml drops	2,880	Amber bottle
	(as sulfate monohydrate)		
	bottle with medicine dropper, 144 bottles per		
	carton		
29	Zinc (equivalent to 20mg	2,880	Amber
	Elemental zinc) 60ml bottle (as sulfate monohydrate),		bottle
	144		

	bottles per carton		
30	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate), 100 tablets per box, 1 tablet in blister pack, 10 tablets per blister pack, 100 boxes per carton	43,200	Tablet
	OINTMENT/CREAM:		
31	Fucidate sodium/fucidic acid 2% cream 5 grams tube, 1 tube in a box, 100 tubes per carton	2,500	Tube
32	Silver sulfadiazine 1% cream, 15 grams tube, tube in a box, 100 tubes per carton	3,000	Tube
	SOLUTIONS:		DI ()
33	Gentamicin 0.3% eyedrops solution, 5ml bottle (as sulfate), 50 bottles per box	300	Plastic bottle
34	Salbutamol 1mg/ml, 2.5 ml (unit dose) respiratory solution (for nebulization) (as sulfate) 50 nebules per box	5,000	Nebule

# **L. TECHNICAL SPECIFICATIONS**

Department TECHNICAL SPE	
TECHNICAL SPE	
TECHNICAL SPE	
	Quantity
Item No. 1	
Name of Manufacturer:	Country of Origin:
Brand:	Model:
ABC:	
PURCHASER'S SPECIFICATION	SUPPLIER'S SPECIFICATION  Bidders must fill-up item by item the
	column "Supplier's Specifications" matrix, the actual product being offered and that the word "as per DOH Specifications" or "Same Specifications as required by DOH would be rejected and must be supported by evidence. Evidence shall be in the formof manufacturer's unamended sales literature, unconditional statements of specification and compliance issued by the manufacturer, samples, independent test data etc., as appropriate. A statement that is not supported by evidence or is subsequently found to be contradicted by the evidence
	presented will render the Bid under evaluation liable for rejection. A statement either in the Bidders statement of compliance or the supporting evidence that is found false either during Bid Evaluation, post-qualification or the execution of the Contract may be regarded as fraudulent and render the Bidder or supplier liable for prosecution subject to the provisions of ITB Clause 3.1(a.2) and/or GCC Clause 2.1(a.2).

	Republic of the Departmen	ne Philippin nt of Health	es			
TECHNICAL SPECIFICATIONS						
Item No. 1	Aluminum Hydroxide + Magnesium Hydroxide	Qty	720 amber bottle			
Name of Manufa		Country	Country of Origin:			
Brand:						
ABC: PhP11,520						
	ER'S SPECIFICATION	SL	IPPLIER'S SPECIFICATION			
Magnesium Hydr	•					
Dosage Form: su	spension the following shall be complied:					
<ul> <li>months delivery</li> <li>Packagi</li> <li>Labeling legibly in "Philippi Manuface</li> </ul>	from the date of manufacture but  ng Instructions: 120 ml bottle, ind Instructions: For each box, bot inprint: ne Government Property-Departn	not less that ividually box tle and corr	ugated carton the following should be			
NAME OF CO	MPANY	ADD	RESS			
SIGNATURE (	OVER PRINTED NAME	Ī	ELEPHONE / FAX NO.			

Republic of the	Philippines		
Department	of Health		
TECHNICAL SPE	CIFICATIONS		
Item No. 2 Amoxicillin Oral	Qty 180,000 capsules		
Name of Manufacturer:	Country of Origin:		
Brand:			
ABC: PhP360,000.00			
PURCHASER'S SPECIFICATION	SUPPLIER'S SPECIFICATION		
Strength: 500 mg (as trihydrate)			
Dosage Form: capsule			
Upon delivery the following shall be complied:			
months from the date of manufacture but r of delivery.	al stock with a total shelf life of <i>twenty four</i> (24) not less than <i>eighteen</i> (18) months from the date er pack/foil strip, 100 capsules per box, 72 boxes		
<ul> <li>Labeling Instructions: For each box, blist following should be legibly imprint:</li> </ul>	er pack or foil strip and corrugated carton the		
"Philippine Government Property-Departme Manufacture: Date of Expiry:	ent of Health-Not for Sale" Date of		
IAME OF COMPANY A	DDRESS TELEPHONE / EAY NO		
II - NIA II IDE ( 11/ED DDINI EI) NIANE			

	Republic of the		
	Department	of Health	
	TECHNICAL SPE	CIEICATIONS	1
Item No. 3	Amoxicillin Oral	Qty	4,320 amber bottle
Name of Manufac		Country of C	
Brand:		- Country or c	
ABC: PhP108,000	0.00		
,	R'S SPECIFICATION	SUPPL	IER'S SPECIFICATION
Strength: 250mg/s	5ml		
Dosage Form: gr	anules/powder (as		
trihydrate) for sus	pension		
Upon delivery	the following shall be complied:		
<ul> <li>months findelivery.</li> <li>Packaging</li> <li>Labeling legibly in "Philippir"</li> </ul>	from the date of manufacture but not not not not not not not not not no	ot less than solution and corruga	ted carton the following should be
NAME	OF COMPANY		ADDRESS
SIGNATUR	RE OVER PRINTED NAME		TELEPHONE / FAX NO.

	Republic of the	e Philippines	
	Department	of Health	
	TECHNICAL SPE		
Item No. 4	Amoxicillin Oral	Qty	2,880 amber bottles
Name of Manufa	cturer:	Country of O	rigin:
Brand:			
ABC: PhP46,080		0.1551	
	ER'S SPECIFICATION	SUPPL	ER'S SPECIFICATION
Strength: 125mg			
	ranules/ powder for		
suspension (as to			
<u>Upon delivery</u>	the following shall be complied:		
months delivery Packagi Labeling legibly i "Philipp Manufa	ing Instructions: 60ml bottle, individ	not less than sixually boxed, 14-	Ateen (16) months from the date of the dat
NAME OF COMPA	NY	ADDRESS	
CICNATURE OVE	D DDINTED NAME	TEI EDUOI	NE / FAY NO

	Republic of the		
	Department	of Health	
	TECHNICAL SPE	CIFICATIONS	
Item No. 5	Ascorbic acid Oral	Qty	72,000 tablets
Name of Manufac	turer:	Country of C	Prigin:
Brand:			
ABC: PhP57,600.			
	R'S SPECIFICATION	SUPPL	LIER'S SPECIFICATION
Strength: 600mg			
Dosage Form: tab			
Upon delivery	the following shall be complied:		
months to felive  Packaging corrugate  Labeling	from the date of manufacture but r ry. ng Instructions: 10 tablets in blister ed carton.	not less than e	total shelf life of twenty four (24) eighteen (18) months from the date, 100 tablets per box, 72 boxes per il strip and corrugated carton the
Manufac	ne Government Property-Departme ture: Expiry:	nt of Health-N	ot for Sale" Date of
NAME OF COM	MPANY	ADDF	RESS
SIGNATURE C	OVER PRINTED NAME	TELE	PHONE / FAX NO.

# M. NOTICE OF PRE-BID CONFERENCE



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

#### **NOTICE OF MEETING**

FOR: 1. COBAC Regular Member

- 1.1. Vice Chairperson
- 1.2. Regular Member
- 1.3. Regular Member
- 1.4. Regular Member
- 2. Technical Working Group (TWG)

Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions under IB No. 2010-5-24 (19)

- 1. TWG Chairperson
- 2. Vice Chairperson
- 3. Member
- 4. Member
- 5. Member

Hiring of An Event Organizer for the Conduct of the 5<sup>th</sup> Public Health Convention on Non-Communicable Disease Prevention and Control under IB No. 2010-6-07 (24)

- 1. TWG Chairperson
- 2. Vice Chairperson
- 3. Member
- 4. Member
- 5. Member

**COBAC Secretariat** 

End-user's Representative NCDPC – IDO NCDPC – DDO NVBSP

## **Observers Representatives**

- 5.1. NAMFREL Tel. # 751-1144, Fax # 751-1160
- 5.2. Procurement Watch Tel. # 633-9601
- 5.3. Government Watch Tel. # 426-6062
- 5.4. Advocacy Graft & Corruption, CBCP-LAIKO Tel. # 527-3124
- 5.5. Transparency Accountability Network (TAN) Te. # 426-5927
- 5.6. Nat'l. Consumer Affair Council (NCAC) Tel. 890-4930
- 5.7. Atty. Hilario A. Favilla Office of the Ombudsman
- 5.8. Internal Audit Unit
- 5.9. COA Representative
- 5.10 U.K.K.K.S.

## Cashier Representative

FROM : Chairperson, COBAC

SUBJECT: Procurement of Various Packages for NCDPC and NVBSP

Please be informed of the new schedule of activity for the Procurement listed below:

PACKAGE	DATE	TIME	ACTIVITIES	VENUE
Hiring of An Event Organizer for the Conduct of the 5 <sup>th</sup> Public Health Convention on Non-	March 5, 2010	9:00 AM	Pre-bid Conference	G/F, Bldg. No. 6, COBAC Conference
Communicable Disease Prevention and Control under IB No. 2010-6-07 (24)	March 17, 2010	9:30AM	Submission and Opening of Bids	Room, San Lazaro Compound, Rizal Avenue, Sta Cruz, Manila
Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions	March 11, 2010	10:00 AM	Pre-bid Conference	
under IB No. 2010-5-24 (19)	March 23, 2010	10:00AM	Submission and Opening of Bids	
Hiring of An Event Organizer for the Conduct of the International Leprosy Convention under IB No.	31 May 2010	10:00 AM	Pre-bid Conference	
2010-6-16 (23)	16 June 2010	9:00AM	Submission and Opening of Bids	

Should there be any changes in the schedule indicated above, the COBAC Secretariat will officially communicate with your office. Please confirm your attendance for the said activities with COBAC Secretariat at Tel. # 743-8301 local 1626 to 1627

# N. MINUTES OF PRE-BID CONFERENCE



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

#### MINUTES OF THE PRE-BID CONFERENCE

# PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS UNDER IB NO. 2010-5-24 (19) 11 MAY 2010 / 1:00 P.M./ COBAC CONFERENCE ROOM

### PRESENT:

- 1. COBAC Vice-Chairperson
- 2. COBAC Regular Member
- 3. COBAC Regular Member
- 4. TWG Member
- 5. COBAC Secretariat
- 6. COBAC Secretariat
- 7. COBAC Secretariat

### PROSPECTIVE BIDDERS PRESENT:

- 1. Mr. A Company A
- 2. Ms.B Company B
- 3. Mr.C Company C
- 4. Mr.D Company D
- 5. Ms. E Company E
- 6. Ms. F Company F
- 7. Ms. G Company G
- 8. Ms.H Company H

The Pre-bidding Conference was called to order by the COBAC Vice-Chairperson. Eight (8) prospective bidders attended the aforesaid conference. All amendments hereby agreed upon and issued through a bid bulletin shall form part of the bidding documents.

## The following were emphasized:

Section	Discussion/Changes
Section VII. Technical Specifications	<ul> <li>The COBAC emphasized that suppliers must indicate their actual product specifications. Words such as "As per DOH Specifications" or "Same Specifications as required by DOH" would be rejected.</li> <li>Revised Technical Specifications were discussed during the meeting. All amendments hereby shall form part of the bidding documents</li> <li>Shelf-life for all items must be twenty four (24) months from the date of manufacture.</li> </ul>

The COBAC reiterated that submission and opening of bids will be on 24 May 2010; 9:00 a.m., COBAC Conference Room, Ground Floor, Building 6, Department of Health, Rizal Avenue, Sta. Cruz, Manila and all other provisions of the bidding documents which are not affected shall remain in effect.

There having no other matters or queries to be discuss, the aforesaid conference was adjourned at 2:00p.m.

Recorded by: Noted by:

(SIGNATURE OVER PRINTED NAME)

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BAC Secretariat BAC Chairperson/Vice Chairperson

# O. SUPPLEMENTAL BID BULLETINS

# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

## **BID BULLETIN NO. 1**

May 11, 2010

# PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS IB NO. 2010-5-24 (19)

This Bid Bulletin is being issued to clarify the issues and questions raised during the Pre- Bidding Conference held on 11 May 2010; 1:00 p.m. at the COBAC Conference Room, Building 6, Department of Health, San Lazaro Compound, Rizal Avenue, Sta. Cruz, Manila. This Bid Bulletin will form an integral part of the bidding document for the Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions under IB No. 2010-5-24 (19). The following are the changes in the bidding documents:

## **Section VII. Technical Specifications**

Item	Particular	Changes
No.		, and the second
1	Aluminum Hydroxide + Magnesium Hydroxide 225mg aluminum hydroxide + 200mg magnesium hydroxide per 5 ml suspension, 120ml bottle.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
3	Amoxicillin Oral 250mg/5ml granules/powder (as trihydrate) for suspension, 60ml bottle	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
4	Amoxicillin Oral: 125mg/5ml granules/powder for suspension (as trihydrate), 60ml bottle	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
6	Ascorbic Acid Oral: 100mg/5ml syrup, 60ml bottle	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
8	Chloramphenicol Oral 125mg/5ml (as palmitate) 60ml bottle	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.

10	Cloxacillin Oral 125mg/ml powder for suspension (as sodium salt) 60ml bottle.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
13	Cotrimoxazole Oral 200mg sulfamethazole + 40mg trimetoprim per 5ml suspension, 60ml bottle	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
17	Metronidazole Oral: 125mg base/5ml (200mg/5ml as benzoate) 60ml bottle.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
22	Paracetamol Oral 250mg/5ml (alcohol free) syrup, 60ml bottle.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
23	Paracetamol Oral 120mg/5ml (125mg/5ml) alcohol free syrup/suspension, 60ml bottle.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
28	Zinc Oral 15ml drops equivalent to 10mg elemental zinc (as sulfate monohydrate) syrup 15ml bottle with medicine dropper.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.
29	Zinc Oral equivalent to 20mg elemental zinc (as sulfate monohydrate) 60ml bottle.	Shelf-life: Twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.

• Revised Technical Specification is enclosed.

The deadline for Submission and Opening of Bids is scheduled on 24 May 2010; 9:00 a.m.; COBAC Conference Room, Building 6, Department of Health, Rizal Avenue, Sta. Cruz, Manila.

All other provisions of the bidding documents which are not affected shall remain in effect.

For guidance and information of all concerned.

SIGNATURE OVER PRINTED NAME

**BAC Chairperson** 

# P. ELIGIBILITY REQUIREMENT CHECKLIST

# ELIGIBILITY REQUIREMENTS CHECKLIST PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS IB NO. 2010-5-24 (19)

NAME OF THE COMPANY:	Bidder No
----------------------	-----------

ITEM NO.	REQUIREMENTS	ELIGIBLE	INELIGIBLE
A.	ELIGIBILITY AND TECHNICAL DOCUMENTS:		
1	Registration certificate from the Securities and Exchange Commission (SEC) including Articles of Incorporation, Department of Trade and Industry (DTI) forsole proprietorship, or Cooperative Development Authority (CDA) for cooperatives, or any proof of such registration		
2	Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located		
3	Statement of all its ongoing and completed government and private contracts within the last two (2) years, including contracts awarded but not yet started, if any. The statement shall include, for each contract the following:  (iii.1) the name of the contract; (iii.2) date and status of the contract; (iii.3) kinds of Goods; (iii.4) amount of contract and value of outstanding contracts (iii.5) date of delivery; and (iii.6) end-user's acceptance or official receipt(s) issued for the contract, if completed.		
4	Audited financial statements, stamped "received" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from bid submission		
5	NFCC computation must be at least equal to ABC or CLC of at least 10% of the ABC  In lieu of 1, 2 and 4 the Bidder may submit a certified true copy of valid and current SSRS Certificate issued by the DOH.		

6.	existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful.	
7.	Original Bid Security (as to prescribed form, amount and validity)  (a) Cash, Certified check, cashier's check, manager's check, bank draft or irrevocable letter of credit or Bank Guarantee – 2% of ABC Formof Bid Securit	
	Name of Bank: Amount of Bid Security:	
	Validity Period: (120 days from opening of bids for Bank Guarantee)	
8.	Duly accomplished and signed technical specifications (using the form as provided for in Section VII. Technical Specifications), pages 71-106 of the bidding documents, which also includes the following:  (a) Production / delivery schedule;  (b) Manufacturer's Certification; or if the bidder is not a manufacturer, authenticated copy of certification from the manufacturer that the supplier is authorized distributor or dealer of the product/item;  (c) Certificate of Exclusive Distributorship (if applicable).	
9.	Omnibus Sworn Statement by the Bidder or its duly authorized representative in accordance in the form prescribed by the GPPB as to the following:	
	(a) It is not "blacklisted" or "barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;	
	(b)Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;	

	(c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted;	
	(d) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do,, execute and perform any and all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative or joint venture;	
	(e) It complies with the disclosure provision under Section 47 of the Act in relation to other provisions of RA 3019;	
	(f) It complies with the responsibilities of a prospective or eligible bidder;	
	<ul> <li>i. Having taken steps to carefully examine all of the bidding documents;</li> <li>ii. Having acknowledge all conditions,local or otherwise, affecting the implementation of the contract;</li> <li>iii. Having made an estimate of the facilities available and needed for the contract to be bid, if any; and</li> <li>iv. Having complied with his responsibility as provided for under Section 22.5.1</li> <li>(g) It complies with existing labor laws and standards, in the case of procurement of services</li> </ul>	
10.		
10.	Duly notarized authority of the signatory based on BDS 9.d above;	

# ELIGIBILITY REQUIREMENTS CHECKLIST PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS IB NO. 2010-5-24 (19)

	E OF THE COMPANYer No		
ITEM NO.	REQUIREMENTS	ELIGIBLE	INELIGIBLE
	FINANCIAL PROPOSAL		
	(a) Duly accomplished and signed Bid Form  (b) Duly accomplished and signed Price Schedule Form		
CHEC	CKED BY: COBAC Member Da	te	
REMA	RKS: []PASSED []FAILED		

# Q. MINUTES OF BID OPENING



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

### MINUTES OF THE OPENING OF BIDS

# PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS IB No. 2010-5-24 (19) 24 MAY 2010 / 9:00 A.M. / COBAC CONFERENCE ROOM

#### PRESENT:

- 1. BAC Chairperson
- 2. BAC Vice-Chairperson
- 3. BAC Regular Member
- 4. BAC Secretariat
- 5. BAC Secretariat

- 6. BAC Secretariat
- 7. Internal Audit Representative
- 8. Office of the Ombudsman, DOH Representative
- 9. End-user Representative
- 10. End-user Representative
- 1. Ten (10) prospective Bidders procured the bidding documents, namely:
  - 1. Company A
  - 2. Company B
  - 3. Company C
  - 4. Company D
  - 5. Company E

- 6. Company F
- 7. Company G
- 8. Company H
- 9. Company I
- 10. Company J
- 2. Submission of bids was closed at 9:00 a.m. Out of ten (10) prospective bidders who procured the bidding documents, only nine (9) submitted their respective bid proposals, namely:
  - 1. Company A
  - 2. Company B
  - 3. Company C
  - 4. Company D
  - 5. Company E

- 6. Company F
- 7. Company G
- 8. Company H
- 9. Company I
- 3. The Opening of bids was called to order by the BAC Vice-Chairperson.

- 4. The first envelope, containing the Eligibility and Technical Documents was individually opened and the presence, completeness and correctness of all the documents were individually verified by the COBAC in the presence of the prospective bidders' representative. Upon examination, the nine (9) prospective bidders were declared "ELIGIBLE".
- 5. The second envelope containing the Financial Proposals was opened and the presence, completeness and correctness of the Financial Documents were individually verified by the COBAC.
- 6. Upon examination, the nine (9) prospective bidders, the "ELIGIBLE" Bidders were rated "PASSED" and subsequently their bid proposals were read publicly and posted in the Abstract of Bids.

### A. Prospective Bidder's Bid:

## Required Bid Security - 2% of ABC -

Item 2: PhP7,200.00	Item 18: PhP5,040.00
Item 3: PhP2,160.00	Item 19: PhP1,440.00
Item 4: PhP921.60	Item 20: PhP2,880.00
Item 5: PhP1,152.00	Item 21: PhP3,200.00
Item 6: PhP1,080.00	Item 22: PhP1,296.00
Item 7: PhP2,520.00	Item 23: PhP1,008.00
Item 8: PhP1,440.00	Item 24: PhP1,440.00
Item 9: PhP3,312.00	Item 25: PhP576.00
Item 10: Php1,843.00	Item 26: PhP1,080.00
Item 11: PhP4,320.00	Item 27: PhP3,000.00
Item 12: PhP2,808.00	Item 29: PhP3,456.00
Item 13: PhP1,080.00	Item 30: PhP2,592.00
Item 14: PhP1,440.00	Item 31: PhP15,500.00
Item 15: PhP1,728.00	Item 32: PhP12,000.00
Item 16: PhP1,440.00	Item 33: PhP1,200.00
Item 17: PhP720.00	Item 34: PhP1,200.00

Bidder No.	Name of Company	Type of Bid Security	Amount of Bid Security (PhP)	Items Bided	Total Amount of Bid as Read (PhP)
1	Company A	Cashier's Order, Bank AA	93,455.30	18, 19, 27, 29 & 31	775,720.00
2	Company B	LC, Bank BB	94,000.00	21 & 31	830,500.00
3	Company C	MC, Bank CC	20,920.00	2, 3, 4, 7, 8, 15, 22, 23, 24 & 25	901,893.60
4	Company D	Cash	27,792.00	2,3,4,5,6,1 1, 12, 13, 17, 18 & 26	890,460.00
5	Company E	MC, Bank DD	12,960.00	7, 13, 16, 25 & 26	283,651.20
6	Company F	MC, Bank EE	75,450.00	2, 5,6,7,8, 10,11,1	3,252,618.00
7	Company G	Bank Guarantee, Bank FF	48,000.00	3,4,5,6,10	1,033,458.8 0
8	Company H	LC, Bank GG	24,000.00	2, 9, & 32	752,200.00
9	Company I	MC, Bank HH	24,000.00	2, 5, 12,	949,320.00

# B. Approved Budget for the Contract (ABC): **PhP4,672,760.00**

# TOTAL ABC PER ITEM:

Item 2: PhP360,000.00	Item 18: PhP252,000.00
Item 3: PhP108,000.00	Item 19: PhP72,000.00
Item 4: PhP46,080.00	Item 20: PhP144,000.00
Item 5: PhP57,600.00	Item 21: PhP160,000.00
Item 6: PhP54,000.00	Item 22: PhP64,800.00
Item 7: PhP126,000.00	Item 23: PhP50,400.00
Item 8: PhP72,000.00	Item 24: PhP72,000.00
Item 9: PhP165,600.00	Item 25: PhP28,800.00
Item 10: PhP92,160.00	Item 26: PhP54,000.00

Item 11: PhP216,000.00	Item 27: PhP150,000.00
Item 12: PhP140,400.00	Item 29: PhP112,320.00
Item 13: PhP54,000.00	Item 30: PhP129,600.00
Item 14: PhP72,000.00	Item 31: PhP775,000.00
Item 15: PhP86,400.00	Item 32: PhP600,000.00
Item 16: PhP72,000.00	Item 33: PhP60,000.00
Item 17: PhP36,000.00	Item 34: PhP60,000.00

- 7. The participating bidders signed above the name of their respective Company in the Abstract of Bids.
- 8. The Committee members also affixed their signatures in the Abstract of Bids.
- 9. There having no other bid to be read or clarifications to be made, the aforesaid bidding was adjourned at 10:30 a.m.

Recorded by: Noted By:

(SIGNATURE OVER PRINTED NAME)
BAC Secretariat

(SIGNATURE OVER PRINTED NAME)
BAC Chairperson/Vice-Chairperson

# R. ABSTRACT OF BID

Si	Signature of Authorized Representative		1	2	3	4	5	6	7	8	9	
	Name of Company			A	В	С	D	E	F	G	н	ı
	Bid Se	ecurity		Cashier's Order, Bank AA	LC, Bank BB	MC, Bank CC	Cash	MC, Bank DD	MC, Bank EE	Bank Guarantee, Bank FF	LC, Bank GG	MC, Bank HH
	Amo	ount		93,455.30	94,000.00	20,290.00	27,792.00	12,960.0 0	75,450.00	48,000.00	24,000.00	24,000.00
	Vali	dity			Oct. 14, 2010					Sept. 24, 2010	Sept. 15, 2010	
	REMA	ARKS		ELIGIBLE & PASSED	ELIGIBLE & PASSED	ELIGIBLE & PASSED	ELIGIBLE & PASSED	ELIGIBL E & PASSED	ELIGIBLE & PASSED	ELIGIBLE & PASSED	ELIGIBLE & PASSED	ELIGIBLE & PASSED
Item No.	Item Description	Qty.	TOTAL ABC									
8	Chloramphe nicol 125mg/5ml suspension, 60ml bottle (as palmitate)	2,880	72,000.00	NO BID	NO BID	64,425.60	NO BID	NO BID	59,760.00	NO BID	NO BID	NO BID
9	Ciprofloxaci n 250mg tablet (as hydrochlori de) 10 tablets in blister pack, 100 tablets per box	72,000	165,600.00	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	144,000.00	NO BID
10	Cloxacillin 125mg/5ml powder for suspension, 60ml bottle (as sodium salt)	2,880	92,160.00	NO BID	NO BID	NO BID	NO BID	NO BID	61,776.00	80,064.00	NO BID	NO BID
11	Cloxacillin 500mg capsule (as sodium salt) 100 capsules per box	72,000	216,000.00	NO BID	NO BID	NO BID	216,000.00	NO BID	212,400.00	NO BID	NO BID	NO BID
12	Cotrimoxaz ole 800mg sulfamethox azole + 160mg trimethopri m per tablet, 100 tablets per box	108,00 0	140,400.00	NO BID	NO BID	NO BID	114,480.00	NO BID	132,840.00	137,160.00	NO BID	129,600.00
13	Cotrimoxaz ole 200mg sulfamethaz ole + 40mg trimetoprim) per 5ml suspension, 60ml bottle	3,600	54,000.00	NO BID	NO BID	NO BID	49,500.00	48,600.0 0	53,640.00	53,280.00	NO BID	NO BID

14	Diphenhydr amine 25mg capsule (as hydrochlori de) 100 capsules per box	36,000	72,000.00	NO BID	NO BID	NO BID	NO BID	NO BID	22,320.00	46,080.00	NO BID	NO BID
15	Mefenamic Acid 500mg capsule, 100 capsules per box	108,00	86,400.00	NO BID	NO BID	74,520.00	NO BID	NO BID	85,320.00	NO BID	NO BID	84,240.00
16	Metronidazo le 500mg tablet, 10 tabs/bp	72,000	72,000.00	NO BID	NO BID	NO BID	NO BID	68,400.00	54,720.00	NO BID	NO BID	NO BID
17	Metronidazo le 125mg base/5ml (200mg/5ml as benzoate) suspension, 60ml bottle	1,440	36,000.00	NO BID	NO BID	NO BID	34,560.00	NO BID	21,096.00	33,811.20	NO BID	NO BID
18	Metoprolol 100mg tablet (as tartrate) 100 tablets per box	72,000	252,000.00	129,600.00	NO BID	NO BID	180,000.00	NO BID	226,800.00	NO BID	NO BID	172,800.00
19	Metformin 500mg tablet/film coated tablet (as hydrochlori de) 100 tablets per box	36,000	72,000.00	40,950.00	NO BID	NO BID	NO BID	NO BID	23,760.00	42,408.00	NO BID	50,400.00
20	Nifedipine 5mg capsule, 100 capsules per box	72,000	144,000.00	NO BID	NO BID	NO BID	NO BID	NO BID	141,840.00	128,160.00	NO BID	130,320.00
21	Nifedipine 30mg MR tablet, 100 tablets per box, 10 tablets in aluminum foil	5,000	160,000.00	NO BID	160,000.00	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID
22	Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	3,600	64,800.00	NO BID	NO BID	56,700.00	NO BID	NO BID	64,800.00	56,448.00	NO BID	NO BID
23	Paracetamol 120mg/5ml (125mg/5ml) syrup/suspe nsion, 60ml bottle (alcohol free)	3,600	50,400.00	NO BID	NO BID	50,400.00	NO BID	NO BID	50,400.00	49,968.00	NO BID	NO BID
24	Paracetamol 500mg tablet, 100 tablets per box, 10 tablets in blister pack	180,00 0	72,000.00	NO BID	NO BID	68,400.00	NO BID	NO BID	64,800.00	NO BID	NO BID	59,400.00

25	Salbutamol 2mg tablet (as sufate) 10 tablets in blister pack, 100 tablets per box	72,000	28,800.00	NO BID	NO BID	18,000.00	NO BID	17,640.00	19,440.00	NO BID	NO BID	NO BID
26	Vitamin B1 B6 B12 Oral: 100mgB1 + 5mgB6 + 50microgra m B12 per capsule, 100 capsules per box, 10 capsules in aluminum foil	72,000	54,000.00	NO BID	NO BID	NO BID	43,200.00	46,800.00	49,680.00	NO BID	NO BID	NO BID
27	Telmisartan 40mg tablet, 100 tablets per box, 10 tablets in aluminum foil	5,000	150,000.00	117,850.00	NO BID	NO BID	NO BID	NO BID	147,350.00	NO BID	NO BID	NO BID
28	Zinc (equivalent to 10mg elemental zinc) 15ml drops (as sulfate monohydrat e) bottle with medicine dropper	2,880	57,600.00	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID
29	Zinc (equivalent to 20mg elemental zinc) 60ml bottle (as sulfate monohydrat e)	2,880	172,800.00	112,320.00	NO BID	NO BID	NO BID	NO BID	NO BID	152,640.00	NO BID	NO BID
30	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate) 10 tablets in blister pack, 100 tablets per box	43,200	129,600.00	NO BID	NO BID	NO BID	NO BID	NO BID	124,416.00	NO BID	NO BID	NO BID
31	Fucidate Sodium/Fuci dic Acid 2% cream 5grams tube	2,500	775,000.00	375,000.00	670,500.00	NO BID	NO BID	NO BID	453,125.00	NO BID	NO BID	NO BID
32	Silver Sulfadiazine 1% cream, 15 grams tube	3,000	600,000.00	NO BID	NO BID	NO BID	NO BID	NO BID	588,000.00	NO BID	336,000.00	NO BID

| 33 | Gentamicin<br>0.3%<br>eyedrops<br>solution,<br>5ml bottle<br>(as sulfate),<br>50 bottles<br>per box                                      | 300   | 60,000.00 | NO BID | 34,725.00 | NO BID | NO BID    | NO BID |
|----|--|-------|-----------|--------|--------|--------|--------|--------|-----------|--------|-----------|--------|
| 34 | Salbutamol<br>1mg/ml,<br>2.5ml (unit<br>dose)<br>respiratory<br>solution (for<br>nebulization<br>) (as sulfate)<br>50 nebules<br>per box | 5,000 | 60,000.00 | NO BID | 57,250.00 | NO BID | 40,000.00 | NO BID |

#### SIGNATURE OVER PRINTED NAME

BAC REGULAR MEMBER BAC REGULAR MEMBER BAC REGULAR MEMBER

BAC PROVISIONAL MEMBER BAC PROVISIONAL MEMBER

BAC VICE-CHAIRPERSON BAC CHAIRPERSON

## S. BID EVALUATION REPORT

### **BID EVALUATION REPORT**

# PROCUREMENT ON VARIOUS PHARMACEUTICALS-REBID IB NO. 2010-2-22 (03)

### 1.0 PROJECT IDENTIFICATION

The Department of Health (DOH), through the General Appropriations Act 2010 intends to apply the sum of Three Million Three Hundred Ninety Nine Thousand Seven Hundred Fifty Philippine Pesos (PhP3,399,750.00) being the Approved Budget for the Contract (ABC) for the Procurement on Various Pharmaceuticals-Rebid under IB No. 2010-2-22 (03) conducted through open competitive bidding procedures using non-discretionary pass/fail criteria as specified in the Revised Implementing Rules and Regulations of Republic Act 9184 (R.A. 9184).

Table 1. Identification

1.1	Purchaser	
(a)	Name	Department of Health (DOH)
(b)	Address	San Lazaro Compound, Sta. Cruz, Manila
1.2	Name of Project	N/A
1.3	Location of the Project	N/A
1.4	Approved Budget of	
	Contract	PhP3,399,750.00
1.5	Method of Procurement	Open Competitive Bidding

### 2.0 INITIAL STEPS IN THE BIDDING PROCESS

The Invitation to Apply for Eligibility was posted at the DOH and PS-DBM website on 31 January 2010.

A Pre-bidding Conference was held on the 08 February 2010 at 9:30 a.m., at the COBAC Conference Room, Department of Health, San Lazaro Compound, Sta. Cruz, Manila. Bid Bulletin No. 1 dated 09 February 2010 and Bulletin No. 2 dated 16 February 2010, were issued to clarify all issues and questions raised during the Pre-bid Conference.

Table 2. Initial Steps in the Bidding Process

` '	Pre-Procurement Conference Date of Conference	N/A
1.7	Invitation to Apply for Eligibility and to Bid	
(a)	Date of first publication	
(b)	Name of Newspaper	31 January 2010
(c)	Date of final publication	The Philippine Star
(d)	Name of Website	N/A
1.8	Eligibility check	DOH and PhilGEPS
(a)	Date of eligibility check	23 February 2010
` '	Number of eligibility envelopes received	Four (4)
` ,	Date of Notices sent to bidders	N/A `´
\ /	Motion for Reconsideration, if any	N/A
1.9 \ ′	Issuance of Bidding Documents	
(a)	Period of availability of Bid Docs	February 1 to 22, 2010
` '	Number of Bid Docs issued	Four (4)
1.10	Amendments to Bidding Documents, if	( )
	any	
(a)	List all issue dates	Bid Bulletin No. 1 dated 09
		February 2010; Bid Bulletin No. 2
1.11	Pre-bid Conference, if any	dated 16 February 2010
	Date of Conference	08 February 2010
(b)	Date of Minutes sent to bidders	N/A
(2)		[ · · · ·

### 3.0 SUBMISSION AND OPENING OF BIDS AND PRELIMINARY EXAMINATION

The Submission of bids took place as scheduled on 23 February 2010 at 2:00 p.m. Four (4) prospective bidders who procured the bidding documents submitted their respective bid proposals, namely:

- 1. Company A
- 2. Company B
- 3. Company C
- 4. Company D

The first envelope containing the Eligibility Documents: Legal, Technical and Financial Documents were individually opened. The presence, completeness and correctness of the required documents were checked and verified by the COBAC in the presence of the prospective bidders' representative. Upon checking, the four (4) bidders were declared eligible.

The second and third envelopes, containing the Technical Proposal and Financial Proposal Documents, respectively, were individually opened. The presence, completeness and correctness of all the documents were checked and verified by the COBAC. Upon examination, all eligible bidders were rated "PASSED". Subsequently, their bid proposals, were read and posted in the Abstract of Bids.

Table 3. Bid Submission and Bid Opening

1.12	Bid Submission Deadline	
(a)	Original date, time	22 February 2010/9:30 a.m.
(b)	Extensions, if any	N/A
1.13	Bid Opening date, time	23 February 2010/ 2:00 p.m.
1.14	Minutes of Bid Opening	
1.15	Number of Bids Submitted	Four (4)
1.16	Bid validity period (days or weeks)	One hundred twenty (120) days
(a)	Originally specified	
(b)	Extensions/Revisions, if any	N/A

Table 4. Bid Prices (as Read Out)

Item 1 – Aluminum Hydroxide+ Magnesium Hydroxide Oral: 225mg aluminum hydroxide+200mg magnesium hydroxide per 5ml syrup/suspension, 120ml

ABC: PhP1,900,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	214,300.00
2	Company B	202,500.00
3	Company C	NO BID
4	Company D	185,000.00

Item 2 – Cefalexin Oral: 250mg/5ml granules/powder for syrup/suspension 60ml (as monohydrate)

ABC: PhP250,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	244,300.00
2	Company B	249,500.00
3	Company C	NO BID
4	Company D	220,000.00

Item 3 – Cloxacillin 500mg capsule (as sodium salt)

ABC: PhP25,000.00

,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	J. 1 111 20,000.00		
	Bidder No.	Name of Bidder Identification	Total Bid as Read
			Amount (PhP)
	1	Company A	NO BID

2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 4 – Diclofenac 500mg tablet (as sodium or potassium salt)

ABC: PhP11,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	7,320.00
2	Company B	NO BID
3	Company C	24,900.00
4	Company D	NO BID

Item 5 – Dicycloverine 10mg tablet (as hydrochloride)

ABC: PhP10,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	4,750.00
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 6 – Metronidazole 500mg tablet

ABC: PhP12,500.00

Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	11,400.00
2	Company B	9,200.00
3	Company C	NO BID
4	Company D	NO BID

Item 7 – Salbutamol 2mg tablet (as sulfate)

ABC: PhP30,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read	
		Amount (PhP)	
1	Company A	4,800.00	
2	Company B	NO BID	
3	Company C	10,000.00	
4	Company D	NO BID	

### MANUAL OF PROCEDURE FOR THE PROCUREMENT OF GOODS

Item 8 – Salbutamol Metered Dose Inhaler: 100 micrograms/doze x and 200 and 300 doses (as sulfate) ABC: PhP910,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	NO BID
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 9 – Trimetazidine 20mg tablet (as hydrochloride)

ABC: PhP570,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	NO BID
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 10 – Verapamil 240mg MR tablet (as hydrochloride)

ABC: PhP194,250.00

Bidder No.	Name of Bidder Identification	Total Bid as Read	
		Amount (PhP)	
1	Company A	NO BID	
2	Company B	NO BID	
3	Company C	NO BID	
4	Company D	NO BID	

**Table 5. Bid Prices (as Calculated)** 

Bidder No.	Name of Bidder Identification	Total Bid as Calculated
		Amount (PhP)
1	Company A	486,870.00
2	Company B	461,200.00
4	Company D	405,000.00

### 3.0 BID EVALUATION

No bid of Item Numbers 3, 8, 9 and 10. Hence, the Technical Working Group (TWG) recommended failure of bidding.

The following Lowest Calculated Bidders (LCB) was found to be substantially complying for the following items:

- 1) Company D Item Nos. 1 and 2
- 2) Company A Item Nos. 4, 5, and 7

Company B was post-disqualified due to non-submission of renewed/ revalidated Certificate of Good Manufacturing Practice (CGMP) and License to Operate (LTO).

Evaluated by:

(SIGNATURE OVER PRINTED NAME)

TWG MEMBER

(SIGNATURE OVER PRINTED NAME)

TWG MEMBER

(SIGNATURE OVER PRINTED NAME)

TWG MEMBER

(SIGNATURE OVER PRINTED NAME)

TWG VICE-CHAIRPERSON

(SIGNATURE OVER PRINTED NAME)

TWG CHAIRPERSON

## S. POST-QUALIFICATION EVALUATION REPORT

## POST-QUALIFICATION EVALUATION REPORT

Procurement on Various Pharmaceuticals-Rebid IB No. 2010-2-22 (03)

Name of Bidder: Company A
 Rank in the List of Bids: 1st Bidder

3. Bid Price: Item No. 4- Diclofenac 500mg tablet PhP7,320.00; Item No. 5 – Dicycloverine 10mg tablet (as

hydrochloride) PhP4,750.00; Item No. 7 – Salbutamol 2mg tablet (as sulfate) PhP4,800.00

4. Period of Post-Qualification: June 3, 20105. Results of Post-Qualification: POST-QUALIFIED

Requireme	ents	Parties Consulted	Findings
<b>Eligibility</b>	Envelope		
Class "A"	Documents:		
(I A	Registration certificate from the Securities and Exchange Commission (SEC), Department of Trade and Industry DTI) for sole proprietorship, or cooperative Development Authority (CDA) for cooperatives, or any proof of such egistration;		<b>V</b>
th	Mayor's Permit issued by the city or municipality where he principal place of business of the prospective bidder s located;		V
a	Statement of all its ongoing and completed government and private contracts within two (2) years, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:  (a) Name of the contract;  (b) Date and status of the contract;  (c) Kinds of services;  (d) Amount of contract and value of outstanding contracts;  (e) Date of delivery of services;  (f) Mode of delivery; and  (g) End user's acceptance or official receipt(s) issued for the contract, if completed.		<b>V</b>
B a y	Audited financial statements, stamped 'received' by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than (2) years from bid submission;		V

1.	NFCC computation at least equal of the ABC to be bid or CLC at least equal to ten percent (10%) of the ABC;	V
	Class "B" Documents:	
2.	If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful; and	N/A
	Technical Documents:	
3.	The bid security in the form, amount and validity period within 120 calendar days, pursuant to BDS 18.1, if the Bidder opts to submit the bid security of:  (a) Cash or Cashier's check manager's check issued by a Universal or Commercial Bank.  (b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, if issued by a foreign bank.	V
4.	Duly accompanied and signed technical specifications the following:  (a) Production/delivery schedules; (b) Manpower Requirements; (c) Certification of after Sales Service/ Part; (d) Manufacturer's Certification; if applicable (e) Original brochure or downloadable from the internet.	<b>V</b>
5.	Sworn statement by the Bidder or its duly authorized representative in accordance in the form prescribed by the GPPB as to the following;  (a) It is not "blacklisted" or "barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;  (b) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;  (c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted;	

	(d) The signatory is the duly authorized	
	representative of the prospective bidder,	
	and granted full power and authority to do.,	
	execute and perform any all acts necessary	
	and/or to represent the prospective bidder in	
	the bidding, with the duly notarized	
	Secretary's Certificate attesting to such fact,	
	if the prospective bidder is a corporation,	
	partnership, cooperative or joint venture;	
	(e) If complies with the disclosure provision	
	under Section 47 of the Act in relation to	
	other provisions of RA 3019;	
	<ul> <li>(f) It complies with the responsibilities of a prospective or eligible bidder;</li> </ul>	
	i. Having taken steps to carefully examine	
	all of the bidding documents;	
	ii. Having knowledge on all conditions,	
	local or otherwise affecting the	
	implementation of the contract;	
	iii. Having made an estimate of the facilities	
	available and needed for the contract to	
	be bid, if any; and	
	iv. Having complied with his responsibility	
	as provided for under Section 22.5.1	
	(g) It complies with existing labor laws and	
	standards, in the case o procurement of services.	
6.	SCIVICES.	
0.	Duly notarized authority of the signatory based on 9.d	$\sqrt{}$
	above;	,
	In lieu 1, 2, and 4 the Bidder may submit a certified	
	true copy of valid and current SSRS Certificate issued	
	by the DOH.	
Financial		1
1.	Duly accomplished and signed Bid Form	<u>\</u>
2.	Duly accomplished and signed Price Schedule.	V

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(x) Responsive	( ) Non-Responsive
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Evaluated by:

TWG MEMBER TWG MEMBER

TWG MEMBER TWG MEMBER

**TWG CHAIRPERSON** 

## POST-QUALIFICATION EVALUATION REPORT

Procurement on Various Pharmaceuticals-Rebid IB No. 2010-2-22 (03)

Name of Bidder: Company A
 Rank in the List of Bids: 1st Bidder

3. Bid Price: Item No. 6 – Metronidazole 500mg tablet PhP11,400.00

4. Period of Post-Qualification: 10 June 20105. Results of Post-Qualification: POST-QUALIFIED

Requirements	Parties Consulted	Findings
Eligibility Envelope		
Class "A" Documents:		
Registration certificate from the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or cooperative Development Authority (CDA) for cooperatives, or any proof of such registration;		V
Mayor's Permit issued by the city or municipality where the principal place of business of the prospective bidder is located;		V
Statement of all its ongoing and completed government and private contracts within two (2) years, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:  (a) Name of the contract; (b) Date and status of the contract; (c)Kinds of services; (d) Amount of contract and value of outstanding contracts; (e) Date of delivery of services; (f) Mode of delivery; and (g) End user's acceptance or official receipt(s) issued for the contract, if completed.		V
Audited financial statements, stamped 'received' by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than (2) years from bid submission;		V
NFCC computation at least equal of the ABC to be bid or CLC at least equal to ten percent (10%) of the ABC;		V

	Class (CP) Passiments:	
	Class "B" Documents:	
1.	If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful; and	N/A
	Technical Documents:	1
2.	The bid security in the form, amount and validity period within 120 calendar days, pursuant to BDS 18.1, if the Bidder opts to submit the bid security of:  (a) Cash or Cashier's check manager's check issued by a Universal or Commercial Bank.  (b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, if issued by a foreign bank.	V
3.	Duly accompanied and signed technical specifications the following:  (a) Production/delivery schedules; (b) Manpower Requirements; (c)Certification of after Sales Service/ Part; (d) Manufacturer's Certification; if applicable (e) Original brochure or downloadable from the internet.	V
4.	Sworn statement by the Bidder or its duly authorized representative in accordance in the form prescribed by the GPPB as to the following;  (a) It is not "blacklisted" or "barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;  (b) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;  (c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted;	

rep gra ex an the Se if pa (e) If un oth (f) It pro i. ii.	presentative of the prospective bidder, and anted full power and authority to do., ecute and perform any all acts necessary ad/or to represent the prospective bidder in the bidding, with the duly notarized ecretary's Certificate attesting to such fact, the prospective bidder is a corporation, artnership, cooperative or joint venture; complies with the disclosure provision ander Section 47 of the Act in relation to the provisions of RA 3019; complies with the responsibilities of a cospective or eligible bidder; Having taken steps to carefully examine all of the bidding documents; Having knowledge on all conditions, local or otherwise affecting the implementation of the contract; Having made an estimate of the facilities available and needed for the contract to be bid, if any; and Having complied with his responsibility as provided for under Section 22.5.1 complies with existing labor laws and andards, in the case o procurement of rivices.	
5. Duly notariz above;	ed authority of the signatory based on 9.d	$\checkmark$
true copy of by the DOH	and 4 the Bidder may submit a certified f valid and current SSRS Certificate issued I.	
Financial Envelope		,
	plished and signed Bid Form	V
2. Duly accom	plished and signed Price Schedule.	$\sqrt{}$

Findings:

(x) Responsive () Non-Responsive

The 2<sup>nd</sup> Lowest Calculated Bidder (LCB), Company A was found to be responsive and complying as to technical and financial requirements.

**Evaluated by:** 

TWG MEMBER TWG MEMBER

TWG MEMBER TWG MEMBER

# POST-QUALIFICATION EVALUATION REPORT Procurement on Various Pharmaceuticals-Rebid IB No. 2010-2-22 (03)

Name of Bidder: Company B
 Rank in the List of Bids: 2<sup>nd</sup> Bidder

3. Bid Price: Item No. 6 – Metronidazole 500mg tablet PhP9,200.00

4. Period of Post-Qualification: June 3, 20105. Results of Post-Qualification: POST-DISQUALIFIED

Requireme	ents	Parties Consult ed	Findin gs
Eligibility	Envelope		
Class "A"	Documents:		
1.	Registration certificate from the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or cooperative Development Authority (CDA) for cooperatives, or any proof of such registration;		$\sqrt{}$
2.	Mayor's Permit issued by the city or municipality where the principal place of business of the prospective bidder is located;		V
3.	Statement of all its ongoing and completed government and private contracts within two (2) years, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:  (a) Name of the contract; (b) Date and status of the contract; (c) Kinds of services; (d) Amount of contract and value of outstanding contracts; (e) Date of delivery of services; (f) Mode of delivery; and (g) End user's acceptance or official receipt(s) issued for the contract, if completed.		V
4.	Audited financial statements, stamped 'received' by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than (2) years from bid submission;		V
5.	NFCC computation at least equal of the ABC to be bid or CLC at least equal to ten percent (10%) of the ABC;		√
6.	Class "B" Documents:		
7.	If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful; and		N/A

	Technical Documents:	
	The bid security in the form, amount and validity period within 120 calendar days, pursuant to BDS 18.1, if the	V
	Bidder opts to submit the bid security of:	
	<ul> <li>(a) Cash or Cashier's check manager's check issued by a Universal or Commercial Bank.</li> </ul>	
	(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, if issued by a foreign bank.	
	Duly accompanied and signed technical specifications	
	the following:	
	(a) Production/delivery schedules;	
	<ul><li>(b) Manpower Requirements;</li><li>(c) Certification of after Sales Service/ Part;</li></ul>	
	(d) Manufacturer's Certification; if applicable	
	(e) Original brochure or downloadable from the	
	internet.	x
	<ul> <li>(f) Renewed/revalidated Certificate of Good Manufacturing Practice (CGMP) and License to Operate (LTO)</li> </ul>	NO VALID CGMP
1.	Duly notarized authority of the signatory based on 9.d above;	V
	In lieu 1, 2, and 4 the Bidder may submit a certified	
	true copy of valid and current SSRS Certificate issued	
	by the DOH.	
Financia	al Énvelope	
1.	Duly accomplished and signed Bid Form	√
2.	Duly accomplished and signed Price Schedule.	$\sqrt{}$

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(	) Responsive	(X) Non-Responsive
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- May we request to open and evaluate the next lowest bidder for Item No. 6.
   Company B failed to submit a renewed/revalidated CGMP and LTO.

### Evaluated by:

TWG MEMBER **TWG MEMBER TWG MEMBER TWG MEMBER** 

**TWG CHAIRPERSON** 

## **POST-QUALIFICATION EVALUATION REPORT**

Procurement on Various Pharmaceuticals-Rebid IB No. 2010-2-22 (03)

- Name of Bidder: Company D
   Rank in the List of Bids: 4th Bidder
- 3. Bid Price: Item No. 1 Aluminum Hydroxide+Magnesium Hydroxide Oral: 225mg aluminum hydroxide + 200mg magnesium hydroxide per 5ml syrup/suspension PhP185,000.00; Item No. 2- Cefalexin Oral: 250mg/5ml granules/powder for syrup/suspension 60ml PhP220,000.00
- 4. Period of Post-Qualification: June 3, 20105. Results of Post-Qualification: POST-QUALIFIED

Require	ments	Parties	Findings
		Consulted	
Eligibili	ty Envelope		
Class "	A" Documents:		
1.	Registration certificate from the Securities and		V
	Exchange Commission (SEC), Department of Trade		
	and Industry (DTI) for sole proprietorship, or		
	cooperative Development Authority (CDA) for		
	cooperatives, or any proof of such registration;		
2.	Mayor's Permit issued by the city or municipality where		V
	the principal place of business of the prospective		
	bidder is located;		
3.	Statement of all its ongoing and completed		V
	government and private contracts within two (2) years,		
	including contracts awarded but not yet started, if any.		
	The statement shall include, for each contract, the		
	following:		
	(a) Name of the contract;		
	(b) Date and status of the contract;		
	(c) Kinds of services;		
	(d) Amount of contract and value outstanding		
	contracts; (e) Date of delivery of services;		
	(f) Mode of delivery; and		
	(g) End user's acceptance or official receipt(s)		
	issued for the contract, if completed.		
4.	Audited financial statements, stamped 'received' by		$\sqrt{}$
	the Bureau of Internal Revenue (BIR) or its duly		
	accredited and authorized institutions, for the		
	preceding calendar year, which should not be earlier		
İ	than (2) years from bid submission;		

NFCC computation at least equal of the ABC to be bid or CLC at		$\sqrt{}$
. ,		
If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful; and		N/A
Technical Documents:		
The bid security in the form, amount and validity period within 120 calendar days, pursuant to BDS 18.1, if the Bidder opts to submit the bid security of:		V
Universal or Commercial Bank.  (b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, if issued by a foreign bank.		
Duly accompanied and signed technical specifications the following:  (a) Production/delivery schedules; (b) Manpower Requirements; (c) Certification of after Sales Service/ Part; (d) Manufacturer's Certification; if applicable (e) Original brochure or downloadable from the internet.		V
representative in accordance in the form prescribed by the GPPB as to the following:  (a) It is not "blacklisted" or "barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;  (b) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;  (c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted;  (d) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do., execute and perform any all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder is a corporation, partnership, cooperative or		
	least equal to ten percent (10%) of the ABC;  Class "B" Documents:  If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful; and  Technical Documents:  The bid security in the form, amount and validity period within 120 calendar days, pursuant to BDS 18.1, if the Bidder opts to submit the bid security of:  (a) Cash or Cashier's check manager's check issued by a Universal or Commercial Bank.  (b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, if issued by a foreign bank.  Duly accompanied and signed technical specifications the following:  (a) Production/delivery schedules; (b) Manpower Requirements; (c) Certification of after Sales Service/ Part; (d) Manufacturer's Certification; if applicable (e) Original brochure or downloadable from the internet.  Sworn statement by the Bidder or its duly authorized representative in accordance in the form prescribed by the GPPB as to the following:  (a) It is not "blacklisted" or " barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;  (b) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;  (c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted; (d) The signatory is the duly authorized representative of the prospective bidder, and granted full power and authority to do., execute and perform any all acts necessary and/or to represent the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective	least equal to ten percent (10%) of the ABC;  Class "B" Documents:  If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful; and  Technical Documents:  The bid security in the form, amount and validity period within 120 calendar days, pursuant to BDS 18.1, if the Bidder opts to submit the bid security of:  (a) Cash or Cashier's check manager's check issued by a Universal or Commercial Bank.  (b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank, if issued by a foreign bank.  Duly accompanied and signed technical specifications the following:  (a) Production/delivery schedules; (b) Manpower Requirements; (c) Certification of after Sales Service/ Part; (d) Manufacturer's Certification; if applicable (e) Original brochure or downloadable from the internet.  Sworn statement by the Bidder or its duly authorized representative in accordance in the form prescribed by the GPPB as to the following:  (a) It is not "blacklisted" or " barred" from bidding by the GOP or any of its agencies, offices, corporations or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB;  (b) Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;  (c) It is authorizing the HOPE or his duly authorized representative/s to verify all the documents submitted;  (d) The signatory is the duly authorized representative of the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the prospective bidder in the bi

### MANUAL OF PROCEDURE FOR THE PROCUREMENT OF GOODS

	(e) If complies with the disclosure provision	
	under Section 47 of the Act in relation to other provisions of RA 3019;	
	(f) It complies with the responsibilities of a prospective or eligible bidder; i. Having taken steps to carefully examine all of the bidding documents; ii. Having knowledge on all conditions, local or otherwise affecting the implementation of the contract; iii. Having made an estimate of the facilities available and needed for the contract to be bid, if any; and iv. Having complied with his responsibility as provided for under Section 22.5.1 (g) It complies with existing labor laws and	
	standards, in the case o procurement of services.	
10.	Duly notarized authority of the signatory based on 9.d above;	V
	In lieu 1, 2, and 4 the Bidder may submit a certified true copy of valid and current SSRS Certificate issued by the DOH.	

Fina	ncial Envelope	
1.	Duly accomplished and signed Bid Form	V
2.	Duly accomplished and signed Price Schedule.	V

Findings:

(X) Responsive () Non-Responsive

Evaluated by:

TWG MEMBER TWG MEMBER

TWG MEMBER TWG MEMBER

TWG CHAIRPERSON

### POST QUALIFICATION EVALUATION SUMMARY REPORT

# PROCUREMENT ON VARIOUS PHARMACEUTICALS-REBID IB NO. 2010-2-22 (03)

### 4.0 PROJECT IDENTIFICATION

The Department of Health (DOH), through the General Appropriations Act 2010 intends to apply the sum of Three Million Three Hundred Ninety Nine Thousand Seven Hundred Fifty Philippine Pesos (PhP3,399,750.00) being the Approved Budget for the Contract (ABC) for the Procurement on Various Pharmaceuticals-Rebid under IB No. 2010-2-22 (03) conducted through open competitive bidding procedures using non-discretionary pass/fail criteria as specified in the Implementing Rules and Regulations Part A (IRR-A) of Republic Act 9184 (R.A. 9184).

### **Table 1. Identification**

- 1.1 Purchaser
  - (a) Name
  - (b) Address
- 1.2 Name of Project
- 1.3 Location of the Project
- 1.4 Approved Budget of Contract
- 1.5 Method of Procurement

Department of Health (DOH)
San Lazaro Compound, Sta. Cruz, Manila
N/A
N/A

PhP3,399,750.00 Open Competitive Bidding

### 5.0 INITIAL STEPS IN THE BIDDING PROCESS

The Invitation to Apply for Eligibility was posted at the DOH and PS-DBM website on 31 January 2010.

A Pre-bidding Conference was held on the 08 February 2010 at 9:30 a.m., at the COBAC Conference Room, Department of Health, San Lazaro Compound, Sta. Cruz, Manila. Bid Bulletin No. 1 dated 09 February 2010 and Bulletin No. 2 dated 16 February 2010, were issued to clarify all issues and questions raised during the Pre-bid Conference.

**Table 2. Initial Steps in the Bidding Process** 

1.6	Pre-Procurement Conference	
(a)	Date of Conference	N/A
1.7	Invitation to Apply for Eligibility and to Bid	
(a)	Date of first publication	
	Name of Newspaper	31 January 2010
(c)	Date of final publication	The Philippine Star
(d)	Name of Website	N/A
1.8 ` ′	Eligibility check	DOH and PhilGEPS
(a)	Date of eligibility check	23 February 2010
(b)	Number of eligibility envelopes received	Four (4)
	Date of Notices sent to bidders	N/A ` ´
(d)	Motion for Reconsideration, if any	N/A
1.9 ` ´	Issuance of Bidding Documents	
(a)	Period of availability of Bid Docs	February 1 to 22, 2010
(b)	Number of Bid Docs issued	Four (4)
1.10 ′	Amendments to Bidding Documents, if	, ,
	any	
(a)	List all issue dates	Bid Bulletin No. 1 dated 09
, ,		February 2010; Bid Bulletin No. 2
1.11	Pre-bid Conference, if any	dated 16 February 2010
(a)	Date of Conference	08 February 2010
(b)	Date of Minutes sent to bidders	N/A
` '		I

### 3.0 SUBMISSION AND OPENING OF BIDS AND PRELIMINARY EXAMINATION

The Submission of bids took place as scheduled on 23 February 2010 at 2:00 p.m. Four (4) prospective bidders who procured the bidding documents submitted their respective bid proposals, namely:

- 1. Company A
- 2. Company B
- 3. Company C
- 4. Company D

The first envelope containing the Eligibility Documents: Legal, Technical and Financial Documents were individually opened. The presence, completeness and correctness of the required documents were checked and verified by the COBAC in the presence of the prospective bidders' representative. Upon checking, the four (4) bidders were declared eligible.

The second and third envelopes, containing the Technical Proposal and Financial Proposal Documents, respectively, were individually opened. The presence, completeness and correctness of all the documents were checked and verified by the COBAC. Upon examination, all eligible bidders were rated "PASSED". Subsequently, their bid proposals were read and posted in the Abstract of Bids.

Table 3. Bid Submission and Bid Opening

1.12	Bid Submission Deadline	
(c)	Original date, time	22 February 2010/9:30 a.m.
(d)	Extensions, if any	N/A
1.13	Bid Opening date, time	23 February 2010/ 2:00 p.m.
1.14	Minutes of Bid Opening	
1.15	Number of Bids Submitted	Four (4)
1.16	Bid validity period (days or weeks)	One hundred twenty (120) days
(c) Originally specified		
(d) Extensions/Revisions, if any		

Table 4. Bid Prices (as Read Out)

Item 1 – Aluminum Hydroxide+ Magnesium Hydroxide Oral: 225mg aluminum hydroxide+200mg magnesium hydroxide per 5ml syrup/suspension, 120ml

ABC: PhP1,900,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	214,300.00
2	Company B	202,500.00
3	Company C	NO BID
4	Company D	185,000.00

Item 2 – Cefalexin Oral: 250mg/5ml granules/powder for syrup/suspension 60ml (as monohydrate)

ABC: PhP250,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	244,300.00
2	Company B	249,500.00
3	Company C	NO BID
4	Company D	220,000.00

### MANUAL OF PROCEDURE FOR THE PROCUREMENT OF GOODS

Item 3 – Cloxacillin 500mg capsule (as sodium salt)

ABC: PhP25,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	NO BID
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 4 – Diclofenac 500mg tablet (as sodium or potassium salt)

ABC: PhP11,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	7,320.00
2	Company B	NO BID
3	Company C	24,900.00
4	Company D	NO BID

Item 5 – Dicycloverine 10mg tablet (as hydrochloride)

ABC: PhP10,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	4,750.00
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

### Item 6 – Metronidazole 500mg tablet

ABC: PhP12,500.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	11,400.00
2	Company B	9,200.00
3	Company C	NO BID
4	Company D	NO BID

Item 7 – Salbutamol 2mg tablet (as sulfate)

ABC: PhP30,000.00

, (DO. 1 111 00,000.00		
Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	4,800.00
2	Company B	NO BID
3	Company C	10,000.00
4	Company D	NO BID

Item 8 – Salbutamol Metered Dose Inhaler: 100 micrograms/doze x and 200 and 300 doses (as sulfate) ABC: PhP910,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	NO BID
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 9 – Trimetazidine 20mg tablet (as hydrochloride)

ABC: PhP570,000.00

Bidder No.	Name of Bidder Identification	Total Bid as Read Amount (PhP)
1	Company A	NO BID
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Item 10 – Verapamil 240mg MR tablet (as hydrochloride)

ABC: PhP194,250.00

Bidder No.	Name of Bidder Identification	Total Bid as Read
		Amount (PhP)
1	Company A	NO BID
2	Company B	NO BID
3	Company C	NO BID
4	Company D	NO BID

Table 5. Bid Prices (as Calculated)

Bidder No.	Name of Bidder Identification	Total Bid as Calculated Amount (PhP)
1	Company A	486,870
2	Company B	461,200.00
4	Company D	405,000.00

### 6.0 BID EVALUATION

No bid of Item Numbers 3, 8, 9 and 10. Hence, the Technical Working Group (TWG) recommended failure of bidding.

The following Lowest Calculated Bidders (LCB) was found to be substantially complying for the following items:

- 3) Company D Item Nos. 1 and 2
- 4) Company A Item Nos. 4, 5, and 7

Company B was post-disqualified due to non-submission of renewed/revalidated Certificate of Good Manufacturing Practice (CGMP) and License to Operate (LTO).

**Table 5. Post qualification Report** 

Bidder Identification/Name	Post qualification/ Post disqualified	Grounds
Company A	Post-Qualified	Complying
Company B	Post-Disqualified	Non-Complying
Company D	Post-Qualified	Complying

### **Evaluated by:**

TWG MEMBER TWG MEMBER

TWG MEMBER TWG MEMBER

**TWG CHAIRPERSON** 

# T. NOTICE OF POST-DISQUALIFICATION



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

04 June 2010

Sales Representative Company A Company Address

Dear Mr. John Doe,

This pertains to the bidding conducted for the procurement of Various Pharmaceuticals under IB No. 2010-5-24 (19).

Upon examination, validation and verification of the eligibility, technical and financial requirements that you have submitted as the Lowest Calculated Bid (LCB), we regret to inform you that your bid failed to pass the post- qualification, on the following grounds:

Item No.	Particular	CC	DBAC
		Findings	Action Needed
27	Telmisartan 40mg tablet, 100 tablets/box, 10 tabs in aluminum foil	No CGMP of Boehringer Ingelheim Pharma GmbH & Co KG submitted. Packaging presentation does not comply w/ end-user's specifications- Aluminum blister x 7 tablets (box of 28's) + Aluminum blister x 10 tablets (box of 30's) instead of 100 tablets/box, 10 tablets in aluminum foil.	To submit a valid CGMP.      To comply with the required specifications.
29	Zinc (equiv. to 20mg elemental iron zinc) 60ml bottle (as S04 monohydrate)	No CGMP submitted.     Non-compliant to end-user's specifications for dosage strength- equivalent to 5mg elemental zinc instead of 20mg elemental zinc.     CPR indicates 5mg elemental iron instead of 5mg elemental zinc.	To submit a valid CGMP. To comply with required specifications.  To submit CPR indicating 5mg elemental zinc.

As provided for in Section No. 34.5 of Republic Act No. 9184 and its Revised IRR, you are given three (3) calendar days from receipt of this notification to submit/clarify the said findings and why your Company should not be post- disqualified.

Very truly yours,

### (SIGNATURE OVER PRINTED NAME)

**BAC CHAIRPERSON** 

# U. RESOLUTION TO DECLARE AND RECOMMEND AWARD LCRB AND DECLARE FAILURE OF BIDDING



# Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

COBAC RESOLUTION NO. 2010 -	
30 July 2010	

APPROVING THE AWARD OF CONTRACTS FOR ITEM NOS. 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 17, 18, 19, 21, 22, 23, 24, 25, 26, 29, 31 & 34

AND DECLARING A FAILURE OF BIDDING FOR ITEM NOS. 1, 14, 16, 20, 27, 28, 30, 32 & 33
FOR THE PROCUREMENT OF VARIOUS PHARMACEUTICALS, OINTMENT/CREAM AND SOLUTIONS IB No. 2010-5-24 (19)

**WHEREAS**, Open Competitive Bidding for the Procurement of Various Pharmaceuticals was conducted in accordance with the Republic Act 9184 (RA 9184) and its Revised Implementing Rules and Regulations;

**WHEREAS**, the Invitation to Bid (IB) was advertised in one (1) newspaper of general nationwide circulation, Philippine Star in its issue dated 02 May 2010 and was posted in the PhilGEPS and DOH Websites;

**WHEREAS**, a Pre-bidding Conference was held on 11 May 2010, 1:00 p.m., at the Central Office Bids and Awards Committee (COBAC) Conference Room, Ground Floor, Building 6, Department of Health, San Lazaro Compound, Sta. Cruz, Manila with nine (9) prospective bidders attending, namely:

- 1) Company A
- 2) Company B
- 3) Company C
- 4) Company D
- 5) Company E
- 6) Company F
- 7) Company G
- 8) Company H
- 9) Company I

WHEREAS, Bid Bulletin No. 1 dated 11 May 2010 was issued to clarify all issues and questions raised during the Pre-bidding Conference:

**WHEREAS**, the Submission and Opening of Bids took place as scheduled on 24 May 2010, 9:00 a.m., at the COBAC Conference Room, Building 6, Department of Health, San Lazaro Compound, Sta. Cruz, Manila;

WHEREAS, out of the eleven (11) prospective bidders who procured the bidding documents, only nine (9) bidders submitted their respective proposals, namely:

- 1) Company A
- 2) Company B
- 3) Company C
- 4) Company D
- 5) Company E

- 6) Company F
- 7) Company G
- 8) Company H
- 9) Company I

**WHEREAS**, the first envelope containing the Eligibility and Technical Documents were opened. The presence, completeness and correctness of the required documents were checked and verified by the COBAC in the presence of the prospective bidders' representative. Upon checking the cited bidders were declared "ELIGIBLE";

WHEREAS, the second envelope, containing the Financial Proposal was opened. The presence, completeness and correctness of the entire document were checked and verified by the COBAC. Upon checking, the bidders who were declared "ELIGIBLE" and were rated "PASSED" and subsequently their respective bids were read publicly and posted in the Abstract of Bids, to wit:

				1	2	3	4	5	6	7	8	9
	Name of Com	pany		COMPANY A	COMPANY B	COMPANY C	COMPANY D	COMPANY E	COMPANY F	COMPANY G	COMPANY H	COMPANYI
	Bid Security F	Form		Cashier's Order, Bank AA	LC, Bank BB	MC, Bank CC	Cash	MC, Bank DD	MC, Bank EE	Bank Guarantee, Bank FF	LC, Bank GG	MC, Bank HH
	Amount of Bid Se	curity		93,455.30	94,000.00	20,290.00	27,792.00	12,960.00	75,450.00	48,000.00	24,000.00	24,000.00
Item No.	Particular	Qty.	Total ABC		<u>I</u>	l	л Ві	id Price as Re	ad		<u> </u>	
2	Amoxicillin 500mg capsule (as trihydrate)	180,000	360,000.00	NO BID	NO BID	331,200.00	234,000.00	NO BID	315,000.00	NO BID	232,200.00	266,400.00
3	Amoxicillin 250mg/5ml granules/powder for suspension, 60ml bottle (as trihydrate)	4,320	108,000.00	NO BID	NO BID	89,856.00	99,360.00	NO BID	NO BID	98,841.60	NO BID	NO BID
4	Amoxicillin 125mg/5ml granules/powder for suspension, 60ml bottle (as trihydrate)	2,880	46,080.0 0	NO BID	NO BID	46,080.00	43,200.00	NO BID	NO BID	45,734.00	NO BID	NO BID
5	Ascorbic Acid 500mg tablet	72,000	57,600.00	NO BID	NO BID	NO BID	56,160.00	NO BID	56,160.00	55,656.00	NO BID	56,160.00
6	Ascorbic Acid 100mg/5ml syrup, 60ml bottle	3,600	54,000.00	NO BID	NO BID	NO BID	54,000.00	NO BID	51,840.00	53,208.00	NO BID	NO BID
7	Chloramphenicol 500mg capsule	50,400	126,000.00	NO BID	NO BID	102,312.00	NOBID	102,211.20	100,800.00	NO BID	NO BID	NO BID
8	Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate)	2,880	72,000.00	NO BID	NO BID	64,425.60	NO BID	NO BID	59,760.00	NO BID	NO BID	NO BID
9	Ciprofloxacin 250mg tablet (as hydrochloride)	72,000	165,600.00	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	144,000.00	NO BID
10	Cloxacillin 125mg/5ml powder for suspension, 60ml bottle (as sodium salt)	2,880	92,160.00	NO BID	NO BID	NO BID	NO BID	NO BID	61,776.00	80,064.00	NO BID	NO BID
11	Cloxacillin 500mg capsule (as sodium salt)	72,000	216,000.00	NO BID	NO BID	NO BID	216,000.00	NO BID	212,400.00	NO BID	NO BID	NO BID
12	Cotrimoxazole 800mg	108,000	140,400.00	NO BID	NO BID	NO BID	114,480.00	NO BID	132,840.00	137,160.00	NO BID	129,600.00

				1	2	3	4	5	6	7	8	9						
	Name of Com	pany		COMPANY	COMPANY B	COMPANY C	COMPANY D	COMPANY E	COMPANY F	COMPANY G	COMPANY H	COMPANYI						
	Bid Security Form			Bid Security Form			Bid Security Form			Cashie r's Order, Bank AA	LC, Bank BB	MC, Bank CC	Cash	MC, Bank DD	MC, Bank EE	Bank Guara ntee, Bank FF	LC, Bank GG	MC, Bank HH
	Amount of Bid Se	curity		93,455.30	94,000.00	20,290.00	27,792.00	12,960.00	75,450.00	48,000.00	24,000.00	24,000.00						
Item No.	Particular	Qty.	Total ABC				В	id Price as Re	ad									
	sulfamethoxazole + 160mg trimethoprim per tablet																	
13	Cotrimoxazole 200mg sulfamethoxazole + 40mg trimethoprim per 5ml suspension, 60ml bottle	3,600	54,000.00	NO BID	NO BID	NO BID	49,500. 00	48,600.0 0	53,640.0 0	53,280. 00	NO BID	NO BID						
14	Diphenhydramine 25mg capsule (as hydrochloride)	36,000	72,000.00	NO BID	NO BID	NO BID	NO BID	NO BID	22,320.0 0	46,080. 00	NO BID	NO BID						
15	Mefenamic Acid 500mg capsule, 100 capsules per box	108,000	86,400.00	NO BID	NO BID	74,520.0 0	NO BID	NO BID	85,320.0 0	NO BID	NO BID	84,240.0 0						
16	Metronidazole 500mg tablet	72,000	72,000.00	NO BID	NO BID	NO BID	NO BID	68,400.0 0	54,720.0 0	NO BID	NO BID	NO BID						
17	Metronidazole 125mg base/5ml (200/5ml as benzoate) suspension, 60ml bottle	1,440	36,000.00	NO BID	NO BID	NO BID	34,560. 00	NO BID	21,096.0 0	33,811. 20	NO BID	NO BID						
18	Metoprolol 100mg tablet (as tartrate)	72,000	252,000.00	129,60 0.00	NO BID	NO BID	180,00 0.00	NO BID	226,800. 00	NO BID	NO BID	172,800. 00						
19	Metformin 500mg tablet/film coated tablet (as hydrochloride) 100 tablets per box	36,000	72,000.00	40,950. 00	NO BID	NO BID	NO BID	NO BID	23,760.0 0	42,408. 00	NO BID	50,400.0 0						
20	Nifedipine 5mg capsule, 100 capsules per box	72,000	144,000.00	NO BID	NO BID	NO BID	NO BID	NO BID	141,840. 00	128,16 0.00	NO BID	130,320. 00						
21	Nifedipine 30mg MR tablet, 100 tablets per box, 10 tablets in aluminum foil	5,000	160,000.00	NO BID	160,000. 00	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID	NO BID						
23	Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)	3,600	50,400.00	NO BID	NO BID	50,400.0 0	NO BID	NO BID	50,400.0 0	49,968. 00	NO BID	NO BID						
24	Paracetamol 500mg tablet, 100 tablets per box, 10 tablets in blister pack	180,000	72,000.00	NO BID	NO BID	68,400.0 0	NO BID	NO BID	64,800.0 0	NO BID	NO BID	59,400.0 0						
25	Salbutamol 2mg tablet (as sulfate), 10 tablets in blister pack, 100 tablets per box	72,000	28,800.00	NO BID	NO BID	18,000.0 0	NO BID	17,640.0 0	19,440.0 0	NO BID	NO BID	NO BID						
26	Vitamin B1 B6 B12 Oral: 100mg B1 + 5mg B6 + 50microgram B12 per capsule, 100 capsules per box, 10 capsules in aluminum foil	72,000	54,000.00	NO BID	NO BID	NO BID	43,200. 00	46,800.0 0	49,680.0 0	NO BID	NO BID	NO BID						
27	Telmisartan 40mg tablet, 100 tablets per box, 10 tablets in aluminum foil	5,000	150,000.00	117,85 0.00	NO BID	NO BID	NO BID	NO BID	147,350. 00	NO BID	NO BID	NO BID						

				1	2	3	4	5	6	7	8	9
	Name of Company		COMP ANY A	COMPA NY B	COMPA NY C	COMP ANY D	COMPA NY E	COMPA NY F	COMP ANY G	COMP ANY H	COMPA NY I	
	Bid Security Form			Cashie r's Order, Bank AA	LC, Bank BB	MC, Bank CC	Cash	MC, Bank DD	MC, Bank EE	Bank Guara ntee, Bank FF	LC, Bank GG	MC, Bank HH
	Amount of Bid Se	curity		93,455. 30	94,000.0 0	20,290.0 0	27,792. 00	12,960.0 0	75,450.0 0	48,000. 00	24,000. 00	24,000.0 0
Item No.	Particular	Qty.	Total ABC				В	id Price as Re	ad			
29	Zinc (equivalent to 20mg elemental zinc) 60ml bottle (as sulfate monohydrate)	2,880	172,800. 00	112,32 0.00	NO BID	NO BID	NO BID	NO BID	NO BID	152,64 0.00	NO BID	NO BID
30	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trinydrate) 10 tablets in blister pack, 100 tablets per box	43,200	129,600. 00	NO BID	NO BID	NO BID	NO BID	NO BID	124,416. 00	NO BID	NO BID	NO BID
31	Fucidate Sodium/Fucidic Acid 2% cream 5 grams tube	2,500	775,000. 00	375,00 0.00	670,500. 00	NO BID	NO BID	NO BID	453,125. 00	NO BID	NO BID	NO BID
32	Silver Sulfadiaizine 1% cream, 15 grams tube	3,000	600,000. 00	NO BID	NO BID	NO BID	NO BID	NO BID	588,000. 00	NO BID	336,00 0.00	NO BID
33	Gentamicin 0.3% eyedrops solution, 5ml bottle (as sulfate), 50 bottles per box	300	60,000.0 0	NO BID	NO BID	NO BID	NO BID	NO BID	34,725.0 0	NO BID	NO BID	NO BID
34	Salbutamol 1mg/ml, 2.5ml (unit dose) respiratory solution (for nebulization) (as sulfate), 50 nebules per box	5,000	60,000.0 0	NO BID	NO BID	NO BID	NO BID	NO BID	57,250.0 0	NO BID	40,000. 00	NO BID

### WHEREAS, no bid offers were received for the items listed below:

Item	Particular	Qty.	Unit	Total ABC
No.				(PhP)
1	Aluminum Hydroxide + Magnesium Hydroxide: 225mg aluminum hydroxide + 200mg magnesium hydroxide per 5ml suspension, 120ml bottle	720	Bottle	11,520.00
28	Zinc (equivalent to 10mg elemental zinc) 15ml drops (as sulfate monohydrate) bottle with medicine dropper	2,880	Bottle	57,600.00

WHEREAS, the bids for the items listed below were found to be substantially complying:

Item No. 2 - 180,000 capsules Amoxicillin 500mg capsule (as trihydrate)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
8	Company H	360,000.00	232,200.00	35.50%
4	Company D	360,000.00	234,000.00	35.00%
9	Company I	360,000.00	266,400.00	26.00%
6	Company F	360,000.00	315,000.00	12.50%
3	Company C	360,000.00	331,200.00	8.00%

Item No. 3 – 4,320 bottles Amoxicillin 250mg/5ml granules/powder for suspension, 60ml bottle (as trihydrate)

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
3	Company C	108,000.00	89,856.00	16.80
7	Company G	108,000.00	98,841.60	8.48%
4	Company D	108,000.00	99,360.00	8.00%

Item No. 4 – 2,880 bottles Amoxicillin 125mg/5ml granules/powder for suspension, 60ml bottle (as trihydrate)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
4	Company D	46,080.00	43,200.00	6.25%
7	Company G	46,080.00	45,734.00	0.75%
3	Company C	46,080.00	46,080.00	0.00%

Item No. 5- 72,000 tablets Ascorbic Acid 500mg tablet

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
7	Company G	57,600.00	55,656.00	3.37%
4	Company D	57,600.00	56,160.00	2.50%
6	Company F	57,600.00	56,160.00	2.50%
9	Company I	57,600.00	56,160.00	2.50%

Item No. 6-3,600 bottles Ascorbic Acid 100mg/5ml syrup, 60ml bottle

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
6	Company F	54,000.00	51,840.00	4.00%
7	Company G	54,000.00	53,208.00	1.46%

Item No. 7-50.400 capsules Chloramphenicol 500mg capsule

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Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from		
No.			Amount (PhP)	ABC		
6	Company F	126,000.00	100,800.00	2.00%		
5	Company E	126,000.00	102,211.20	19.04%		
3	Company C	126,000.00	102,312.00	18.80%		

Item No. 8 – 2,880 bottles Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate)

idder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
6	Company F	72,000.00	59,760.00	17.00%
3	Company C	72,000.00	64,425.00	10.52%

Item No. 9-72,000 tablets Ciprofloxacin 250mg tablet (as hydrochloride)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
8	Company H	165,600.00	144,000.00	13.04%

Item No. 10-2,880 bottles Cloxacillin 125mg/5ml powder for suspension, 60ml bottle

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Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
6	Company F	92,160.00	61,776.00	32.96%
7	Company G	92,160.00	80,064.00	13.12%

Item No. 11 - 72,000 capsules Cloxacillin 500mg capsule (as sodium salt)

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
6	Company F	216,000.00	212,400.00	1.66%
4	Company D	216,000.00	216,000.00	0.00%

Item No. 12 - 108,000 tablets Cotrimoxazole 800mg sulfamethoxazole + 160mg trimethoprim per tablet

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
4	Company D	140,400.00	114,480.00	18.46%
9	Company I	140,400.00	129,600.00	7.69%
6	Company F	140,400.00	132,840.00	5.38%
7	Company G	140,400.00	137,160.00	2.30%

Item No. 13 - 3,600 bottles Cotrimoxazole 200mg sulfamethoxazole + 40mg trimethoprim per 5ml suspension, 60ml bottle

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
5	Company E	54,000.00	48,600.00	10.00%
4	Company D	54,000.00	49,500.00	8.33%
7	Company G	54,000.00	53,280.00	1.33%
6	Company F	54,000.00	53.640.00	0.66%

Item No. 14 - 36,000 capsules Diphenhydramine 25mg capsule (as hydrochloride)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
6	Company F	72,000.00	22,320.00	69.00%
7	Company G	72,000.00	46,080.00	36.00%

Item No. 15 - 108,000 capsules Mefenamic Acid 500mg capsule

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
3	Company C	86,400.00	74,520.00	13.75%
9	Company I	86,400.00	84,240.00	2.50%
6	Company F	86,400.00	85,320.00	1.25%

Item No. 16 - 72,000 tablets Metronidazole 500mg tablet

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
6	Company F	72,000.00	54,720.00	24.00%
5	Company E	72,000.00	68,400.00	5.00%

Item No. 17 - 1,440 bottles Metronidazole 125mg/5ml (200mg/5ml as benzoate) suspension, 60ml bottle

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
6	Company F	36,000.00	21,096.00	41.40%
7	Company G	36,000.00	33,811.20	6.08%
4	Company D	36,000.00	34,560.00	4.00%

Item No. 18 - 72,000 tablets Metoprolol 100mg tablet (as tartrate)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
1	Company A	252,000.00	129,600.00	48.57%
9	Company I	252,000.00	172,800.00	31.42%
4	Company D	252,000.00	180,000.00	28.57%
6	Company F	252,000.00	226,800.00	10.00%

Item No. 19 - 36,000 tablets Metformin 500mg tablet/film coated tablet (as hydrochloride)

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.		,	Amount (PhP)	ABC
6	Company F	72,000.00	23,760.00	96.72%
1	Company A	72,000.00	40,950.00	43.12%
7	Company G	72,000.00	42,408.00	41.10%
9	Company I	72,000.00	50,400.00	30.00%

Item No. 20 - 72,000 capsules Nifedipine 5mg capsule

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
7	Company G	144,000.00	128,160.00	11.00%
9	Company I	144,000.00	130,320.00	9.50%
6	Company F	144,000.00	141,840.00	1.50%

Item No. 21 - 5,000 tablets Nifedipine 30mg MR tablet

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
2	Company B	160,000.00	160,000.00	0.00%

Item No. 22 – 3,600 bottles Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from
No.			Amount (PhP)	ABC
7	Company G	64,800.00	56,448.00	12.88%
3	Company C	64,800.00	56,700.00	12.50%
6	Company F	64,800.00	64,800.00	0.00%

Item No. 23 - 3,600 bottles Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
7	Company G	50,400.00	49,968.00	0.85%
3	Company C	50,400.00	50,400.00	0.00%
6	Company F	50,400.00	50,400.00	0.00%

Item No. 24 - 180,000 tablets Paracetamol 500mg tablets

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
9	Company I	72,000.00	59,400.00	17.50%
6	Company F	72,000.00	64,800.00	10.00%
3	Company C	72,000.00	68,400.00	5.00%

Item No. 25 – 72,000 tablets Salbutamol 2mg tablet (as sulfate)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
5	Company E	28,800.00	17,640.00	38.75%
3	3 Company C		18,000.00	37.50%
6	Company F	28,800.00	19,440.00	32.50%

Item No. 26 - 72,000 capsules Vitamin B1 B6 B12 Oral: 100mg B1 + 5mg B6 + 50 microgram B12 per capsule

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
4	Company D	54,000.00	43,200.00	20.00%
5	Company E	54,000.00	46,800.00	13.33%
6	Company F	54,000.00	49,680.00	8.00%

Item No. 27 - 5,000 tablets Telmisartan 40mg tablet

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from	
No.			Amount (PhP)	ABC	
1	Company A	150,000.00	117,850.00	21.43%	
6	Company F	150,000.00	147,350.00	1.76%	

Item No. 29 - 2,880 bottles Zinc (equivalent to 20mg elemental zinc) 60ml bottle (as sulfate monohydrate)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC	
1	Company A	172,800.00	112,320.00	35.00%	
7	Company G	172,800.00	152,640.00	11.60%	

Item No. 30 - 43,200 tablets Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate)

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from	
No.			Amount (PhP)	ABC	
6	Company F	129,600.00	124,416.00	4.00%	

Item No. 31 - 2,500 tubes Fucidate Sodium/Fucidic Acid 2% cream, 5 grams tube

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC
1	Company A	775,000.00	375,000.00	51.61%
6	Company F	775,000.00	453,125.00	41.53%
2	Company B	775,000.00	670,500.00	13.48%

Item No. 32 - 3.000 tubes Silver Sulfadiazine 1% cream, 15 grams tube

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Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC					
8	Company H	600,000.00	336,000.00	44.00%					
6	Company F	600,000.00	588,000.00	2.00%					

Item No. 33 – 300 bottles Gentamicin 0.3% eyedrops solution, 5ml bottle (as sulfate)

Bidder	Name of Company	ABC (PhP)	Bid as Calculated	% Variance from	
No.			Amount (PhP)	ABC	
6	Company F	60,000.00	34,725.00	42.12%	

Item No. 34 - 5,000 nebules Salbutamol 1mg/ml, 2.5ml (unit dose) respiratory solution (for nebulization) (as sulfate)

Bidder No.	Name of Company	ABC (PhP)	Bid as Calculated Amount (PhP)	% Variance from ABC	
8	Company H	60,000.00	40,000.00	33.33%	
6	Company F	60,000.00	57,250.00	4.58%	

**WHEREAS**, on 24 May 2010, a Motion for Reconsideration was formally submitted by Company E citing that they made a typographical error on their financial bid for item no. 6 – Ascorbic Acid Oral: 100mg/5ml syrup, 60ml bottle PhP518,400.00 which should be PhP51,840.00;

**WHEREAS**, on 25 May 2010, a notification was sent through fax to the above-cited suppliers requesting to submit the additional documentary requirements listed below:

- Tax clearance certificate issued by BIR main office Collection Enforcement Division (per Executive Order 398, Series of 2005);
- Latest Annual Tax Return filed thru Electronic Filing and Payment Systems (EFPS) and must be duly validated with the tax payments made thereon for the preceding Tax Year be it on a calendar or fiscal year income (per Revenue Regulations 3-2005);
- c) Latest Business Tax Return filed thru Electronic Filing and Payment System (EFPS) duly validated with the tax payments made thereon also refers to the Value Added Tax (VAT) or Percentage Tax Returns covering the previous six (6) months (per Revenue Regulations 3-2005);
- d) Valid and current Certificate of PhilGEPS Registration;
- e) Valid and current License to Operate (LTO) issued by FDA of the DOH;
- f) Valid and current Certificate of Product Registration issued by FDA of the DOH;
- g) Valid and current CGMP or equivalent document in the case of foreign suppliers, authenticated by the Philippine Consulate.

**WHEREAS,** on 26 May 2010 and 27 May 2010, Companies A, B, C, D, E, F, G, H and I, respectively, submitted their respective additional documentary requirements;

**WHEREAS**, on 28 May 2010, a letter was sent through facsimile to Company E informing them that their Motion for Reconsideration was favorably granted by the COBAC;

**WHEREAS**, on 03 June 2010, detailed evaluation of the submitted proposals on the Legal, Technical and Financial aspects of the documents of the Lowest Calculated Bidders (LCBs) for the above cited items were undertaken by the designated Technical Working Group (TWG) per DPO No. 2010-040 s. 2010 dated 23 April 2010;

**WHEREAS**, on the same date, the TWG submitted its first Bid Evaluation and Post-Qualification Reports citing specific findings on the submitted documents/clarifications by the LCBs for each item;

**WHEREAS**, COBAC reviewed and deliberated the TWG's report as well as the documents/clarifications submitted by the LCB's for each item and the following are the salient points of the deliberation:

Item	Description Name of Bidder's		Bidder's	TWG		COBAC	
No.		Bidder	Rank	Findings	Recommendat	Findings	Recommend
					ion		ation
2	180,000 capsules Amoxicillin 500mg capsule (as trihydrate)	Company H	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
3	4,320 bottle Amoxicillin 250mg/5ml granules/powder for suspension, 60ml bottle (as trihydrate)	Company C	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified

4	2,880 bottle	Company	LCB	Conforms to the legal,	Complying	The COBAC	Post-
·	Amoxicillin 125mg/5ml granules/ powder for suspension, 60ml bottle (as trihydrate)	Ď		technical and financial requirements as well as to the purchaser's specifications requirements		concurred with the TWG's findings	qualified
5	72,000 tablet Ascorbic Acid 500mg tablet	Company G	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
6	3,600 bottle Ascorbic Acid 100mg/5ml syrup, 60ml bottle	Company F	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
7	50,400 capsule Chloramphenicol 500mg capsule	Company F	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
8	2,880 bottle Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate)	Company F	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
9	72,000 tablet Ciprofloxacin 250mg tablet (as hydrochloride)	Company H	LCB	Does not conform to the purchaser's technical requirement: CGMP submitted is Not duly authenticated by the Territorial Philippine Consulate.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiency.	Issue notice of postdisqualifi- cation and given three (3) days to clarify/ submit the cited finding.
10	2,880 bottle Cloxacillin 125mg/ 5ml powder for suspension, 60ml bottle (as sodium salt)	Company F	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
11	72,000 capsule Cloxacillin 500mg capsule (as sodium salt)	Company F	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
12	108,000 tablet Cotrimoxazole 800mg sulfamethoxazole + 160mg trimethoprim per tablet	Company D	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified

13	3,600 bottle Cotrimoxazole 200mg sulfamethoxazole + 40mg trimethoprim per 5ml suspension, 60ml bottle	Company E	LCB	Does not conform to the purchaser's technical requirement: No CGMP submitted but only certification issued by FDA stating that the LTO & CGMP are deemed still valid on the basis of the on-going evaluation process of GMP Audit until the application for renewal shall have been finally determined by FDA.	Non- complying	The COBAC concurred with the Recommendation of the TWG on the observed deficiency	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.
14	36,000 capsule Diphenhydramine 25mg capsule (as hydrochloride)	Company F	LCB	Does not conform to the purchaser's technical requirement: No amended CPR for the change of name from Company F1 to Company F2.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiency	Issue notice of post-disqualification and given three (3) days to clarify/submit the cited finding.
15	108,000 capsule Mefenamic Acid 500mg capsule, 100 capsules per box	Company C	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
16	72,000 tablet Metronidazole 500mg tablet	Company F	LCB	Does not conform to the purchaser's technical requirement: No amended CPR for the change of name from Company F1 to Company F2. Expired CPR, no extension of validity period.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiency	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.
17	1,440 bottle Metronidazole 125mg base/5ml (200/5ml as benzoate) suspension, 60ml bottle	Company F	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
18	72,000 tablet Metoprolol 100mg tablet (as tartrate)	Company A	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
19	36,000 tablet Metformin 500mg tablet/film coated tablet (as hydrochloride) 100 tablets per box	Company F	LCB	Does not conform to the purchaser's technical requirement:  Expired CPR, no extension of validity period	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiency	Issue notice of post-disqualification and given three (3) days to clarify/submit the cited finding.
20	72,000 capsule Nifedipine 5mg capsule, 100 capsules per box	Company G	LCB	Does not conform to the purchaser's technical requirement: CGMP submitted is not authenticated by the territorial Philippine Consulate. China Council for the Promotion of International Trade is the one	Non- complying	The COBAC concurred with the Recommendation of the TWG on the observed deficiency.	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.

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21	5,000 tablet Nifedipine 30mg MR tablet, 100 tablets per box, 10 tablets in aluminum foil	Company B	SCB	Does not conform to the purchaser's technical requirement: Submitted CPP instead of CGMP. However, the CPP provided is no longer valid (issued on 28 June 1999). The dosage being offered does not comply with end-user's specifications – retard instead of modified release	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.
22	3,600 bottle Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	Company G	LCB	Does not conform to the purchaser's technical requirement: Expired CGMP (18 December 2009) and no proof of renewal submitted. Alcohol-free is not indicated in the CPR.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	Issue notice of post-disqualification and given three (3) days to clarify/submit the cited finding.
23	3,600 bottle Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)	Company G	LCB	Does not conform to the purchaser's technical requirement: Expired CGMP (18 December 2009) and no proof of renewal submitted. Alcohol-free is not indicated in the CPR.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	Issue notice of post-disqualification and given three (3) days to clarify/submit the cited finding.
24	180,000 tablet Paracetamol 500mg tablet, 100 tablets per box, 10 tablets in blister pack	Company I	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
25	72,000 tablet Salbutamol 2mg tablet (as sulfate), 10 tablets in blister pack, 100 tablets per box	Company E	LCB	Does not conform to the purchaser's technical requirement: No CGMP submitted but only certification issued by FDA stating that the LTO & CGMP are deemed still valid on the basis of the on-going evaluation process of GMP Audit until the application for renewal shall have been finally determined by FDA.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiency.	Issue notice of post-disqualification and given three (3) days to clarify/ submit the cited finding.
26	72,000 capsule Vitamin B1 B6 B12 Oral: 100mg B1 + 5mg B6 + 50 microgram B12 per cap, 100 capsules per box, 10 capsules in aluminum foil	Company D	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Compl ying	The COBAC concurred with the TWG's findings	Post- qualified

27	5,000 tablet Telmisartan 40mg tablet, 100 tablets per box, 10 tablets in aluminum foil	Company A	LCB	Does not conform to the purchaser's technical requirement: No CGMP of Company X. Company A submitted. Packaging presentation does not comply with end-user's specifications – Aluminum blister x 7 tablets (box of 28's) + Aluminum blister x 10 tablets (box of 30's) instead of 100 tablets/ box, 10 tablets in aluminum foil.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	Issue notice of post- disqualification and given three (3) days to clarify/submit the cited finding.
29	2,880 bottle Zinc (equivalent to 20mg elemental zinc) 60ml bottle (as sulfate monohydrate)	Company A	LCB	Does not conform to the purchaser'stechnical requirement: No CGMP submitted. Non-compliant to end-user's specifications for dosage strength-equivalent to 5mg elemental zinc instead of 20mg elemental zinc. CPR indicates 5mg elemental iron instead of 5mg elemental zinc.	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.
30	43,200 tablet Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate) 10 tablets in blister pack, 100 tablets per box	Company F	SCB	Does not conform to the purchaser's technical requirement: Nonsubmission of the required CPR	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiency	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.
31	2,500 tube Fucidate Sodium/Fucidic Acid 2% cream 5 grams tube	Company A	LCB	Conforms to the legal, technical and financial requirements as well as to the purchaser's specifications requirements	Complying	The COBAC concurred with the TWG's findings	Post- qualified
32	3,000 tube Silver Sulfadiaizine 1% cream, 15 grams tube	Company H	LCB	Does not conform to the purchaser's technical requirement: CGMP submitted is not duly authenticated by the territorial Philippine Consulate. Packaging size does not comply with end- user's specifications- 25g instead of 15g	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	
33	300 bottle Gentamicin 0.3% eyedrops solution, 5ml bottle (as sulfate), 50 bottles per box	Company F	SCB	Does not conform to the purchaser's technical requirement: Expired CGMP (30 April 2010) but with OR as proof of renewal	Non- complying	The COBAC concurred with the recommendation of the TWG on the observed deficiencies.	Issue notice of post- disqualification and given three (3) days to clarify/ submit the cited finding.

34	5,000 nebule	Company	LCB	Does not conform to the	Non-	The COBAC	Issue notice
	Salbutamol 1mg/ml,	Н		purchaser's technical	complying	concurred with the	of post-
	2.5ml (unit dose)			requirement: Packaging		recommendation of	disqualification
	respiratory solution			does not comply with end-		the TWG on the	and given
	(for nebulization)			user's specifications-box		observed	three (3) days
	(as sulfate), 50			of 30's instead of box of		deficiencies.	to clarify/
	nebules per box			50's			submit the
							cited finding.

**WHEREAS**, Notice of Post-disqualifications dated 04 June 2010, transmitted through facsimile, was issued to the above-cited firms and were requested to submit clarifications and documents needed;

WHEREAS, responses were received from the bidders listed below, to wit:

#### 1) Company E dated 11 June 2010

Item No.	Particular	COBAC's Observation	Company E's Response
13	Cotrimoxazole 200mg     sulfamethoxazole + 40mg     trimethoprim per 5ml suspension,     60ml bottle	NO CGMP submitted	Only last 03 June 2010 that the FDA scheduled an inspection for their plant for the said CGMP renewal/revalidation. FDA issued them a certification that give them
25	Salbutamol 2mg tablet (as sodium sulfate) 10 tablets in blister pack, 100 tablets/box		an extension of their CGMP until they have completed their inspection.

2) Company F dated 11 June 2010 and 23 June 2010

Item No.	Particular	COBAC's Observation	Company F's Response
14	Diphenhydramine 25mg capsule (as HCL)100 capsules/box	No amended CPR for the change of name from Company F1 to Company F2	Submitted renewed CPR valid until 11 March 2011 Company F1 and Company F2 are of the same entity The documents (LTO, CGMP & CPR) are soon to be harmonized and unified as soon as the said existing documents expire and due for renewal.
16	Metronidazole 500mg tablet,     10 tablets/blister pack	<ul> <li>No amended CPR for the change of name from Company F1 to Company F2</li> <li>Expired CPR, no extension of validity period.</li> </ul>	<ul> <li>Company F1 and Company F2 are of the same entity</li> <li>The documents (LTO, CGMP &amp; CPR) are soon to be harmonized and unified as soon as the said existing documents expire and due for renewal.</li> <li>Submitted renewed CPR valid until 15 February 2011</li> </ul>
19	Metformin 500mg tablet/film coated tablet (as HCL) 100 tablets/box	Expired CPR, no extension of validity period.	Submitted renewed CPR valid until 15 November 2012
30	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate) 10 tablets in blister pack, 100 tablets per box	No CPR submitted.	Submitted CPR for Zinc Gluconate 70 mg chewable tablet (equivalent to 10mg elemental zinc)     Validity up to 12 September 2010
33	Gentamicin 0.3% eyedrops solution 5ml bottle (as sodium sulfate) 50 bottles per box	Expired CGMP (30 April 2010).	Submitted OR as proof of payment for renewal     CPR validuntil 13 December 2014

3) Company G dated 11 June 2010

Item No.	Particular	COBAC's Observation	Company G's Response
20	Nifedipine 5mg capsule, 10 capsules/box	CGMP submitted is not authenticated by the territorial Philippine Consulate. China Council for the Promotion of International Trade is the one who certified the CGMP.	CGMP duly authenticated by the territorial Philippine Consulate and

22	Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	<ul> <li>Expired CGMP (18 December 2009) and no proof of renewal submitted.</li> <li>Alcohol free is not indicated in the CPR.</li> </ul>	They have a pending letter of request to FDA for inclusion of "alcohol free" in the CPR since the formulation in the initial application for registration of both products are alcohol free.
23	Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)	<ul> <li>Expired CGMP (18 December 2009) and no proof of renewal submitted.</li> <li>Alcohol free is not indicated in the CPR.</li> </ul>	With pending request for inspection to FDA dated     01 December 2009     Submitted OR as proof of payment for renewal

4) Company H dated 11 June 2010

	/ 12   12   12   13   14   15   15   15   15   15   15   15							
Item No.	Particular	COBAC's Observation	Company H's Response					
9	Ciprofloxacin 250mg tablet (as HCL) 10 tablets in blister pack, 100 tablets/box	<ul> <li>CGMP submitted is not duly authenticated by the territorial Philippine Consulate.</li> </ul>	Resubmitted WHO-GMP Certificate valid up to 03/07/2010.					
32	Silver Sulfadiazine 1% cream, 15g tube	<ul> <li>CGMP submitted is not duly authenticated by the territorial Philippine Consulate.</li> <li>Packaging size does not comply with end-user's specifications-25g instead of 15g.</li> </ul>	<ul> <li>The CGMP issued to their manufacturer which is valid until 15 March 2011, shall take a minimum of three weeks, or until 29 June 2010, for the Philippine Embassy in India to authenticate.</li> <li>That the FDA, in the evaluation of documentary requirements for the issuance of CPR for the products manufactured by ZGY viz Silver Sulfadiazine bearing FDA Registration No. DRP-1262, does not anymore require that the CGMP be authenticated by the appropriate territorial Philippine Consulate or embassy. Only the private document which is the agreement of distributorship between the manufacturer and the company is required to be authenticated.</li> </ul>					
34	Salbutamol 1mg/ml, 2.5ml (unit dose) respiratory solution (for nebulization) (as sodium sulfate) 50 nebules per box	<ul> <li>Packaging does not comply with end- user's specifications-box of 30's instead of box of 50's.</li> </ul>	<ul> <li>Unable to comply with the technical specification of 50 nebules per box; the commercial market does not likewise carry such packaging (vide MIMS 130<sup>th</sup> edition pp. 116-117)</li> </ul>					

#### 5) Company A letter received on 17 June 2010

Item No.	Particular	COBAC's Observation	Company A's Response
7	Telmisartan 40mg     tablets/box, 10 tabs in     aluminum foil	<ul> <li>No CGMP of Company XY. Company A submitted.</li> <li>Packaging presentation does not comply with end-user's specifications – Aluminum blister x 7 tablets (box of 28's) + Aluminum blister x 10 tablets (box of 30's) instead of 100 tablets/box, 10 tablets in aluminum foil.</li> </ul>	Submitted a CGMP issued by FDA to Sydenham.     Submittedcertification issued by FDA stating that on the basis of a valid license, the CGMP certificate is deemed valid until the application for renewal shall have been finally determined by FDA
29	Zinc (equivalent to 20mg elemental iron zinc) 60ml bottle (as S04 monohydrate)	<ul> <li>No CGMP submitted.</li> <li>Non-compliant to end-user's specifications for dosage strength-equivalent to 5mg elemental zinc instead of 20mg elemental zinc.</li> <li>CPR indicates 5mg elemental iron instead of 5mg elemental zinc.</li> </ul>	<ul> <li>Submitted certification issued by FDA stating that on the basis of a valid license, the CGMP certificate is deemed valid until the application for renewal shall have been finally determined by FDA</li> <li>Under the Nutritional information, each 1.25ml contains zinc sulfate monohydrate, 13.75 mg (equivalent to 5mg elemental zinc). Therefore, in 5ml contains of zinc sulfate onohydrate 5mg (equivalent to 20mg elemental zinc).</li> <li>Requesting FDA to correct the typographical error at the back of the CPR of Immunizinc syrup 60 mL FR No. 42906 it should be " equivalent to 5 mg elemental zinc not iron"</li> </ul>

6) Company B dated 11 June 2010

Item No.	Particular	COBAC's Observation	Company B's Response
21	Nifedipine Oral 30mg MR (modified release) tablet, 100 tablets/box, 10 tablets in aluminum foil.	Submitted CPP instead of CGMP. However, the CPP provided is no longer valid (issued on 28 June 1999).  The dosage being offered does not comply with end-user's specifications – retard instead of modified release.	CGMP and Certification from Bayer while the original copy from the manufacturing source

WHEREAS, the above-cited responses from the six (6) firms were subsequently forwarded to the TWG for further evaluation;

**WHEREAS**, on 17 June 2010, the TWG reconvened to evaluate all the pertinent documents/responses submitted by MDI, ZPC, AEC, MM, API and PPI;

WHEREAS, on the same date, the TWG submitted a Minutes of the Meeting and their findings are as follows:

Name of Supplier	Item Description	TWG's Observation	COBAC's Decision
1) Company G	Item No. 14 –     Diphenhydramine 15mg     capsule (as     hydrochloride)     100 capsules per box	CPR (14 March 2011) does not reflect the name of manufacturer as indicated in the CGMP	Issue Notice of Post- disqualification and give API three (3) days to clarify/submit the said requirements.

	Item No. 22 – Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	Certification from FDA regarding the CGMP of Company XY stating that the CGMP Certificate is deemed valid until the application for renewal shall have been finally determined by the Agency. However, the LTO as drug manufacturer must be furnished by the Company. Alcohol free is still not indicated in the CPR. Require the Company to submit a Certification that their product Paracetamol 250mg/5ml syrup, 60ml bottle is alcohol free.	
	Item No. 23 – Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)	Certification from FDA regarding the CGMP of Company XY stating that the CGMP Certificate is deemed valid until the application for renewal shall have been finally determined by the Agency. However, the LTO as drug manufacturer must be furnished by the Company. Alcohol free is still not indicated in the CPR. Require the Company to submit a Certification that their product Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free).	
2) Company F	Item No. 27- Telmisartan     40mg tablet, 100 tablets per     box, 10 tablets in aluminum     foil.	No CGMP of Company F	Issue Notice of Post- disqualification and give MM three (3) days to clarify/submit the said requirements.
	Item No. 32 – Silver Sulfadiazine 1% cream, 15 grams tube	No CGMP of Company A	
	Item No. 20 – Nifedipine     5mg capsule, 100     capsules/box	No CGMP of Company Y	
3) Company H	Item No. 20 – Nifedipine     5mg capsule, 100 capsules	Submitted CGMP is for Company W	Issue Notice of Post- disqualification and give Sel-J three (3) days to file motion for reconsideration.
	per box	as per CPR (08 February 2011)     provided, manufacturer is Company Y.	
4) Company E	Item No. 16 –     Metronidazole 500mg tablet,     10 tablets/blister pack	Submitted CGMP is expired however, with certification from FDA that the CGMP is deemed valid until the application for renewal shall have been finally determined by the Agency.	Issue Notice of Post- disqualification and give AEC three (3) days to clarify/submit the said requirements.

WHEREAS, the COBAC issued a letter dated 18 June 2010 still upholding its earlier decision to declare Company B (Item No. 21), Company F (Items No. 14, 16, 30 and 33), Company H (32), Company A (27) and Company G (20, 22 and 23) post-disqualified;

**WHEREAS**, on 23 June 2010, Company B submitted an original copy of CGMP from Company F for item no.21 – Nifedipine Oral: 30mg MR (modified release) tablet;

**WHEREAS**, on the same date, a response from Company F was received by COBAC citing that LTO, CGMP and CPR are soon to be harmonized and unified as soon as the said existing documents expire and due for renewal, and it is indicated in their letter that they cannot contest if the COBAC still finds it insufficient;

WHEREAS, on 02 July 2010, the TWG reconvened to evaluate the submitted documents of Company B and Company F;

WHEREAS, on 02 July 2010, the TWG submitted the Minutes of the Meeting together with the PQER and their findings are as follows:

- Company A No clarifications/documents submitted for item no. 27. Hence, the TWG still uphold its earlier decision to declare the firm post-disqualified.
- Company F Failed to submit the required documents for item nos. 14, 16, 30 and 33. The TWG still uphold its earlier decision to declare the firm post-disqualified.
- Company G No clarifications/documents submitted for item nos. 20, 22 and 23. The TWG still uphold its earlier decision to declare the firm post-disqualified.
- Company H No clarifications/documents submitted for item no. 32. The TWG still uphold its earlier decision to declare the firm post-disqualified.

**WHEREAS**, on 09 July 2010, a letter dated 06 July 2010 was sent through facsimile to Company F, citing that COBAC maintains its previous position to declare the firm post disqualified for item nos. 14, 16, 30 and 33;

**WHEREAS**, on 09 July 2010, a letter was received from Company G requesting COBAC to verify all the statements and information to prove what they are claiming for item nos. 20, 22 and 23 is true and correct and subsequently forwarded to the TWG for further evaluation;

**WHEREAS**, on 09 July 2010, a notification was sent through fax to Company I, Company F, Company C, Company G and Company E, the 2<sup>nd</sup> lowest calculated bidders for item nos. 14, 16, 20, 22, 23, 27 and 32 requesting to submit the additional documentary requirements listed below:

- a) Valid and current Certificate of Product Registration issued by FDA of the DOH:
- b) Valid and current CGMP or equivalent document in the case of foreign suppliers, authenticated by the Philippine Consulate

**WHEREAS**, the four (4) bidders, Company C, Company E, Company G and Company I subsequently submitted their additional documentary requirements except for MM;

WHEREAS, on 15 July 2010, the TWG reconvened and evaluated the bids of 2<sup>nd</sup> LCB for item nos. 14, 16, 20, 22, 23, 27 and 32;

WHEREAS, on the same date, the TWG submitted the Minutes of the Meeting with the following observations/remarks;

Name of Supplier	Item Description	TWG's Observation	COBAC's Decision
5) Company G	Item No. 14 –     Diphenhydramine 15mg     capsule (as hydrochloride)     100 capsules per box	CPR (14 March 2011) does not reflect the name of manufacturer as indicated in the CGMP Company F1 instead of Company F2)	Issue Notice of Post- disqualification and give API three (3) days to clarify/submit the said requirements.

	Item No. 22 – Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	Certification from FDA regarding the CGMP of Company XY stating that the CGMP Certificate is deemed valid until the application for renewal shall have been finally determined by the Agency. However, the LTO as drug manufacturer must be furnished by the Company. Alcohol free is still not indicated in the CPR. Require the Company to submit a Certification that their product Paracetamol 250mg/5ml syrup, 60ml bottle is alcohol free.			
	Item No. 23 – Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)	Certification from FDA regarding the CGMP of Company F4 stating that the CGMP Certificate is deemed valid until the application for renewal shall have been finally determined by the Agency. However, the LTO as drug manufacturer must be furnished by the Company. Alcohol free is still not indicated in the CPR. Require the Company to submit a Certification that their product Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free).			
6) Company F	Item No. 27- Telmisartan 40mg tablet, 100 tablets per box, 10 tablets in aluminum foil.	No CGMP of Company F3	Issue Notice of Post- disqualification and give Company A three (3) calendar days to		
	Item No. 32 – Silver     Sulfadiazine 1% cream, 15     grams tube	No CGMP of Company F3	clarify/submit the said requirements.		
	Item No. 20 – Nifedipine     5mg capsule, 100     capsules/box	No CGMP of Company Y			
7) Company H	Item No. 20 – Nifedipine     5mg capsule, 100 capsules     per box	Submitted CGMP is for Company Y while as per CPR (08 February 2011) provided, manufacturer is Company Y.	Issue Notice of Post- disqualification and give Company G three (3) days to clarify/submit the said requirements.		
8) Company E	Item No. 16 –     Metronidazole 500mg     tablet, 10 tablets/blister     pack	Submitted CGMP is expired however, with certification from FDA that the CGMP is deemed valid until the application for renewal shall have been finally determined by the Agency.	Issue Notice of Post- disqualification and give AEC three (3) days to clarify/submit the said requirements.		

WHEREAS, responses were received from the bidders listed below, to wit:

1) Company F letter received on 21 July 2010

Item No.	Particular	COBAC's Observation	F 's Response
20	Nifedipine 5mg capsule, 100 capsules/box	No CGMP of Company Y	Submitted CGMP of Company Y
27	Telmisartan 40mg tablet, 100 tablets/box, 10 tablets in aluminum foil	No CGMP of Company B	Submitted CGMP of Company Y with attached O.R. for renewal.
32	Silver Sulfadiazine     1% cream, 15 grams     tube	No CGMP of Company F3	Submitted CGMP of Company     B with attached O.R. for     renewal.

#### 2) Company I letter received on 22 July 2010

Item No.	Particular	COBAC's Observation	I's Response
20	Nifedipine 5mg capsule, 100 capsules/ box	Submitted CGMP is for Company W, however, in the CPR (08 July 2011) provided, the manufacturer is Company Y.	

#### 3) Company E letter received on 22 July 2010

Item N	o. Particular	COBAC's Observation	E 's Response			
16	<ul> <li>Metronidazole 500mg tablet, 10 tablets/blister pack</li> </ul>	Submitted expired CGMP (valid until 17 July 2009)	Renewed/ revalidated CGMP is not yet released by FDA.			

#### **WHEREAS**, no response was received from Company G for the item listed below:

Item No.	Particular	COBAC's Observation
14	Diphenhydramine     15mg capsule (as hydrochloride) 100 capsules/box	CPR does not reflect the name of the manufacturer as indicated in the CGMP
22	Paracetamol 250mg/ 5ml syrup, 60ml bottle (alcohol free)	finally determined by the Agency. Since the LTO as Drug Manufacturer is no longer
23	Paracetamol     120mg/5ml     (125mg/5ml) syrup/     suspension, 60ml     bottle(alcohol free)	valid, the said Certificate is not acceptable unless a valid LTO as drug manufacturer will be submitted by the Company.

WHEREAS, the submitted documents of the above mentioned bidders were forwarded to TWG for further evaluation;

**WHEREAS**, on 22 July 2010, the TWG reconvened and evaluated the responses of the above cited bidders and subsequently submitted the Minutes of the Meeting and PQER and their findings are as follows:

1) Company G – No response/clarification was received for item nos. 14, 22 and 23. Hence, TWG still uphold its earlier decision to declare the firm non-responsive.

- 2) Company F Submitted CGMP of Company B for item no. 27 is still expired. Being the 3rd LCB for item no. 20, submitted CGMP of Company Y is not duly authenticated by the territorial Philippine Consulate. Hence, TWG still uphold its earlier decision to declare the firm non-responsive.
- 3) Company I Submitted CGMP is for Company W while as per CPR provided, manufacturer is Company Y for item no. 20. Hence, TWG still uphold its earlier decision to declare the firm non-responsive.
- 4) Company E Failed to submit renewed/revalidated CGMP. The TWG, still uphold its earlier decision to declare the firm non-responsive.
- 5) Company C Being the 2<sup>nd</sup> LCB for item no. 22 and 23, Alcohol free is not indicated in the CPR. The TWG requires the Company to submit a certification that their product is alcohol free.

WHEREAS, a Notice of Post-disqualification dated 22 July 2010 was transmitted through facsimile to Company C and was requested to submit clarifications and documents needed;

**WHEREAS**, letters dated 23 July 2010 were sent through facsimile on 28 July 2010, citing that they still uphold its earlier decision to declare Company G, Company F, Company I and Company E post-disqualified;

WHEREAS, on the same date, a response from Company C was received by COBAC citing that the alcohol content in the processing is used to dissolve some excipients which are only soluble in alcohol, wherefore resulting to the minimal presence of alcohol;

WHEREAS, on 29 July 2010, the TWG reconvened and evaluated the documents submitted by Company C;

**WHEREAS**, on the same date the TWG submitted the Minutes of the Meeting and PQER for Company C citing that they still uphold its earlier decision to declare the firm post-disqualified, while for Company E as 3<sup>rd</sup> LCB for item nos. 22 and 23 the TWG found out that "alcohol free" is also not indicated in the CPR;

**WHEREAS**, on 29 July 2010, the COBAC instructed the COBAC Secretariat to request for a Certificate of under Oath from Company F and Company G;

**WHEREAS**, on 30 July 2010, response to the COBAC letter dated 23 July 2010 was received informing COBAC that the LTO and GMP certificate are already in process and that Company E is expecting to be released anytime soon by the FDA;

WHEREAS, a deadline for submission of the above mentioned certification is on 02 August 2010;

**WHEREAS**, on 05 August 2010 a letter sent through facsimile dated 02 August 2010 still upholding its earlier decision to declare Company C post-disqualified for item nos. 22 and 23;

WHEREAS, on 02 August 2010, a Certificate of under Oath for item nos. 22 and 23 was received from Company G';

**WHEREAS**, no Certificate of under Oath was received from Company F on the slated period;

WHEREAS, COBAC reviewed and deliberated the TWG report as well as the documents submitted by the LCBs/SCBs and the

following are the salient points of the deliberation:

Item	Description	Name of	Bidder's	Bidder's ABC Bid Price TWG COBAC		C			
No.		Bidder	Rank	(PhP)	(PhP)	Findings	Recommen	Findings	Recommendation
							dation		
2	180,000 capsules Amoxicillin 500mg capsule (as trihydrate)	Company H	LCB	360,000.00	232,200.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	·	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified. And recommended for the award of contract for Item No. 2.	LCRB

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3	4,320 bottles  Amoxicillin 250mg/5ml granules/pow der for suspension, 60ml bottle (as trihydrate)	Company C	LCB	108,000.00	89,856.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 3.	LCRB
4	2,880 bottles  Amoxicillin 125mg/5ml granules/pow der for suspension, 60ml bottle (as trihydrate)	Company D	LCB	46,080.00	43,200.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 4.	LCRB
5	72,000 tablets Ascorbic Acid 500mg tablet, 100 tablets/box	Company G	LCB	57,600.00	55,656.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offeris found tobe acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 5.	LCRB
6	3,600 bottles  Ascorbic Acid 100mg/5ml syrup, 60ml bottle	Company F	LCB	54,000.00	51,840.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 6.	LCRB
7	50,400 capsules Chlorampheni col 500mg capsule, 100 capsules/box	Company F	LCB	126,000.00	100,800.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 7.	LCRB
8	2,880 bottles Chlorampheni col 125mg/5ml suspension, 60ml bottle (as palmitate)	Company F	LCB	72,000.00	59,760.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 8.	LCRB
9	72,000 tablets Ciprofloxacin 250mg tablet (as hydrochloride), 100 tablets/box	Company H	SCB	165,600.00	144,000.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 9.	SCRB
10	2,880 bottles Cloxacillin 125mg/5ml powder for suspension, 60ml bottle (as sodium salt)	Company F	LCB	92,160.00	61,776.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 10.	LCRB

11	72,000 capsules Cloxacillin 500mg capsule (as sodium salt) 100 capsules/box	Company F	LCB	216,000.00	212,400.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 11.	LCRB
12	108,000 tablets Cotrimoxazol e 800mg sulfamethoxa zole + 160mg trimethoprim per tablet, 100 tablets /box	Company D	LCB	140,400.00	114,480.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 12.	LCRB
13	3,600 bottles  Cotrimoxazol e 200mg sulfamethoxa zole + 40mg trimethoprim per 5ml suspension, 60ml bottle	Company E	LCB	54,000.00	48,600.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 13.	LCRB
14	36,000 capsules Diphenhydra mine 25mg capsule (as hydrochloride ) 100 capsules/box	Company F	LCB	72,000.00	22,320.00	Did not conform to the technical proposal of the Purchaser's requirement: Non-submission of amended CPR. To justify the change in name from Company A1 to Company A2.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiencies particularly on the technical specification requirement. Should there be other bidder that passed the bid evaluation and post-qualification, the contract will be awarded to the said bidder.	Post- disqualified
		Company G	2 <sup>nd</sup> LCB	72,000.00	46,080.00	Did not conform to the technical proposal of the Purchaser's requirement: Does not reflect the name of manufacturer as indicated in the CGMP.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiencies particularly on the technical specification requirement.	Post- disqualified
								On the basis of the COBAC declared a fa for Item No. 14.	
15	108,000 capsules Mefenamic Acid 500mg capsule, 100 capsules/box	Company C	LCB	86,400.00	74,520.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 15.	LCRB

#### DOH CUSTOMIZED PROCUREMENT MANUAL VOLUME 2 2010

16	72,000 tablets Metronidazol e 500mg tablet, 10 tablets/b.p.	Company F	LCB	72,000.00	54,720.00	Did not conform to the technical proposal of the Purchaser's requirement:  Non-submission of amended CPR. To justify the change in name from Company A1 to Company A2.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiencies particularly on the technical document requirement. Should there be other bidder who passed the bid evaluation and post- qualification; the contract will be awarded to the said bidder.	Post- disqualified
		Company E	2 <sup>nd</sup> LCB	72,000.00	68,400.00	Did not conform to the technical proposal of the Purchaser's requirement: Submitted expired CGMP (17 July 2009).	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiencies particularly on the technical specification requirement.	Post- disqualified
								On the basis of the COBAC declared a fai	
17	1,440 bottles  Metronidazol e 125mg base/5ml (200mg/5ml as benzoate) suspension, 60ml bottle	Company F	LCB	36,000.00	21,096.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	for Item No. 16.  The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 17.	LCRB
18	72,000 tablets Metoprolol 100mg tablet (as tartrate) 100 tablets/box	Company A	LCB	252,000.00	129,600.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 18.	LCRB
19	36,000 tablets Metformin 500mg tablet/film coated tablet (as hydrochlorid e) 100 tablets/box	Company F	LCB	72,000.00	23,760.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 19.	LCRB

20	72,000 capsules Nifedipine 5mg capsule, 100 capsules/box	Company G	LCB	144,000.00	128,160.00	Did not conform to the technical proposal of the Purchaser's Requirement: CGMP submitted is not authenticated by the territorial Philippine Consulate. China Council for the Promotion of International Trade is the one who certified the CGMP.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiencies particularly on the technical specification requirement. Should there be other bidder who passed the bid evaluation and post-qualification, the contract will be awarded to the said bidder.	Post- disqualified
		Company I	2nd LCB	144,000.00	130,320.00	Did not conform to the technical proposal of the Purchaser's requirement: CGMP submitted is for Company W while as per CPR provided, manufacturer is Company Y.	Non- Respo nsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical document requirement. Should there be other bidder who passed the bid evaluation and post-qualification, the contract will be awarded to the said bidder.	Post- disqu alified
		Company F	3rd LCB	144,000.00	141,480.00	Did not conform to the technical proposal of the Purchaser's requirement: No CGMP of Company W.	Non- Respo nsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical specification requirement.  On the basis of the	Post- disqu alified
								COBAC declared a fa bidding for Item No. 2	ailure of
21	5,000 tablets Nifedipine 30mg MR tablet, 100 tablets/box	Company B	SCB	160,000.00	160,000.00	Conforms to the legal, technical and Financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 21.	LCRB
22	3,600 bottles Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	Company G	LCB	64,800.00	56,448.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 22.	LCRB

#### DOH CUSTOMIZED PROCUREMENT MANUAL VOLUME 2 2010

23	3,600 bottles Paracetamol 120mg/5ml (125mg/5ml) syrup/suspen sion, 60ml bottle (alcohol free)	Company G	LCB	50,400.00	49,968.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 23.	LCRB
24	180,000 tablets Paracetamol 500mg tablet, 100 tablets/box	Company I	LCB	72,000.00	59,400.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 24.	LCRB
25	72,000 tablets Salbutamol 2mg tablet (as sulfate) 100 tablets/box	Company E	LCB	28,800.00	17,640.00	Conforms to the legal, technical And financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 25.	LCRB
26	72,000 capsules  Vitamin B1 B6 B12 Oral: 100mg B1 + 5mg B6 + 50 microgram B12 per capsule, 100 capsules/box	Company D	LCB	54,000.00	43,200.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 26.	LCRB
27	5,000 tablets  Telmisartan 40mg tablet, 100 tablets/box, 10 tablets in aluminum foil	Company A	LCB	150,000.00	117,850.00	Did not conform to the technical proposal of the Purchaser's requirement: Non- submission of renewed CPR.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical document requirement.  Should there be other bidder who passed the bid evaluation and post-qualification; the contract will be awarded to the said bidder.	Post- disqualified
		Company F	2nd LCB	150m000.00	147,350.00	Did not conform to the technical proposal of the Purchaser's requirement: No CGMP of Company F.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical document requirement.	Post- disqualified
								On the basis of the COBAC declared a fabidding for Item No. 2	ailure of

30	2,800 bottles Zinc (equivalent to 20mg elemental zinc) 60ml bottle (as sulfate monohydrate)  43,200 tablets	Company A Company	LCB	172,800.00	112,320.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.  Did not conform to the	Responsive  Non- Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications.  Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 29.  The COBAC concurred with the TWG's	LCRB Post- Disqualified
	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate) 100 tablets/box	·				technical proposal of the Purchaser's requirement: Non- submission of CPR.	·	recommendation on the observed deficiencies particularly on the technical specification requirement.	·
31	2,500 tubes Fucidate Sodium/Fuci dic Acid 2% cream, 15 grams tube	Company A	LCB	775,000.00	375,000.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for Item No. 31.	LCRB
32	3,000 tubes Silver Sulfadiazine 1% cream, 15 grams tube	Company H	LCB	600,000.00	336,000.00	Did not conform to the technical proposal of the Purchaser's requirement: CGMP submitted is not authenticated by the territorial Philippine Consulate.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical document requirement. Should there be other bidder who passed the bid evaluation and post- qualification,	Post- Disqualified
		Company F	2nd LCB	600,000.00	588,000.00	Did not conform to the technical proposal of the Purchaser's requirement: No CGMP of Company F	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical document requirement.	Post- disqualified
								On the basis of the COBAC declared a bidding for Item No. 3	failure of
33	300 bottles Gentamicin 0.3% eye drops solution, 5ml bottle (as sulfate), 50 bottles/box	Company F	SCB	60,000.00	34,725.00	Did not conform to the technical proposal of the Purchaser's requirement: Expired CGMP but with OR as proof of renewal.	Non- Responsive	The COBAC concurred with the TWG's recommendation on the observed deficiency particularly on the technical document requirement.	Post- Disqualified
								On the basis of the cobac declared a bidding for item no.	failure of

34	5,000 nebules Salbutamol 1mg/ml, 2.5ml (unit dose) respiratory solution (for nebulization) (as sulfate), 50 nebules per box	Company H	LCB	60,000.00	40,000.00	Conforms to the legal, technical and financial requirements and to the purchaser's technical specifications.	Responsive	The offer is found to be acceptable since the bid conforms to the required technical specifications. Determined to be responsive and post-qualified and recommended for the award of contract for	LCRB	
	nebules per box							Item No. 34.		

**NOW THEREFORE**, on the basis of the above, the herein members of the COBAC **HEREBY RESOLVE**, to award the items listed below to the following bidders that were determined as the LCRBs/SCRBs:

1. Company H with a Total Contract Price of Four Hundred Sixteen Thousand Two Hundred Philippine Pesos (PhP416,200.00) inclusive of local taxes for the items listed below:

Item	Description	Qty	Unit	Total Bid Price
No.				(PhP)
2	Amoxicillin 500mg capsule (as trihydrate)	180,000	Capsule	232,200.00
9	Ciprofloxacin 250mg tablet (as hydrochloride) 100 tablets/box	72,000	Tablet	144,000.00
34	Salbutamol 1mg/ml, 2.5ml (unit dose) respiratory solution (for nebulization) (as sulfate), 50 nebules per box	5,000	Nebule	40,000.00
			TOTAL	416,200.00

2. Company C with a Total Contract Price of One Hundred Sixty Four Thousand Three Hundred Seventy Six Philippine Pesos (PhP164,376.00) inclusive of local taxes for the items listed below:

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
3	Amoxicillin 250mg/5ml granules/powder for suspension, 60ml bottle (as trihydrate)	4,320	Bottle	89,856.00
15	Mefenamic Acid 500mg capsule, 100 capsules/box	108,000	Capsule	74,520.00
			TOTAL	164,376.00

3. Company D with a Total Contract Price of Two Hundred Thousand Eight Hundred Eighty Philippine Pesos (PhP200,880.00) inclusive of local taxes for the items listed below:

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
4	Amoxicillin 125mg/5ml granules/ powder for suspension, 60ml bottle (as trihydrate)	2,880	Bottle	43,200.00
12	Cotrimoxazole 800mg sulfamethoxazole + 160mg trimethoprim per tablet, 100 tablets/box	108,000	Tablet	114,480.00
26	Vitamin B1 B6 B12 Oral: 100mg B1 + 5mg B6 + 50 microgram B12 per capsule, 100 capsules/box	72,000	Capsule	43,200.00
	·	1	TOTAL	200,880.00

4. Company G with a Total Contract Price of One Hundred Sixty Two Thousand Seventy Two Philippine Pesos (PhP162,072.00) inclusive of local taxes for the items listed below:

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
5	Ascorbic Acid 500mg tablet, 100 tablets/box	72,000	Tablet	55,656.00
22	Paracetamol 250mg/5ml syrup, 60ml bottle (alcohol free)	3,600	bottle	56,448.00
23	Paracetamol 120mg/5ml (125mg/5ml) syrup/suspension, 60ml bottle (alcohol free)	3,600	Bottle	49,968.00
			TOTAL	162,072.00

5. Company F with a Total Contract Price of Five Hundred Thirty thousand Four Hundred Thirty Two Philippine Pesos (PhP531,432.00) inclusive of local taxes for the items listed below:

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
6	Ascorbic Acid 100mg/5ml syrup, 60ml bottle	3,600	Bottle	51,840.00
7	Chloramphenicol 500mg capsule,100 caps/ box	50,400	Capsule	100,800.00
8	Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate)	2,880	Bottle	59,760.00
10	Cloxacillin 125mg/5ml powder for suspension, 60ml bottle (as sodium salt)	2,880	Bottle	61,776.00
11	Cloxacillin 500mg capsule (as sodium salt) 100 caps/box	72,000	Capsule	212,400.00
17	Metronidazole 125mg base/ 5ml (200mg/5ml as benzoate) suspension, 60ml bottle	1,440	Bottle	21,096.00
19	Metformin 500mg tablet/film coated tablet (as hydrochloride) 100 tablets/box	36,000	Tablet	23,760.00
			TOTAL	531,432.00

6. Company E with a Total Contract Price of Sixty Six Thousand Two Hundred Forty Philippine Pesos (PhP66,240.00) inclusive of local taxes for the items listed below:

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
13	Cotrimoxazole 200mg sulfamethoxazole + 40mg trimethoprim per 5ml suspension, 60ml bottle	3,600	Bottle	48,600.00
25	Salbutamol 2mg tablet (as sulfate), 100 tablets/box	72,000	Tablet	17,640.00
			TOTAL	66,240.00

6. Company A with a Total Contract Price of Six Hundred Sixteen Thousand Nine Hundred Twenty Philippine Pesos (PhP616,920.00) inclusive of local taxes for the items listed below:

Item	Description	Qty	Unit	Total Bid
No.				Price
1	Metoprolol 100mg tablet (as tartrate) 100	72,00	Tablet	129,600.00
8	tablets/box	0		
2	Zinc (equivalent to 20mg elemental zinc) 60ml	2,800	Bottle	112,320.00
9	bottle (as sulfate monohydrate)			
3	Fucidate Sodium/Fucidic Acid 2% cream, 5	2,500	Tube	375,000.00
1	grams tube			
			TOTAL	616,920.00

8. Company H with a Total Contract Price of One Hundred Sixty Thousand Philippine Pesos (PhP160,000.00) inclusive of local taxes for the items listed below:

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
21	Nifedipine 30mg MR tablet, 100 tablets/box	5,000	Tablet	160,000.00
			TOTAL	160,000.00

9. Company I with a Total Contract Price of Fifty Nine Thousand Four Hundred Philippine Pesos (PhP59,400.00) inclusive of local taxes for the items listed below:

Item	Description	Qty	Unit	Total Bid Price
No.		_		(PhP)
24	Paracetamol 500mg tablet, 100 tablets/box	180,000	Tablet	59,400.00
			TOTAL	59,400.00

10. To declare failure of bidding for the following items:

Item	Description	Qty	Unit	ABC (PhP)
No.				
1	Aluminum Hydroxide + Magnesium Hydroxide: 225mg aluminum hydroxide + 200mg magnesium hydroxide per 5ml suspension, 120ml bottle	720	Bottle	11,520.00
14	Diphenhydramine 25mg capsule (as hydrochloride) 100 capsules/box	36,000	Tablet	72,000.00
16	Metronidazole 500mg tablet, 10 tablets/blister pack	72,000	Tablet	72,000.00
20	Nifedipine 5mg capsule, 100 capsules/box	72,000	Capsule	144,000.00
27	Telmisartan 40mg tablet, 100 tablets/box, 10 tablets in aluminum foil	5,000	Tablet	150,000.00
28	Zinc (equivalent to 10mg elemental zinc) 15ml drops (as sulfate monohydrate) bottle with medicine dropper	2,880	Bottle	57,600.00
30	Zinc (equivalent to 30mg elemental zinc) tablet (as gluconate trihydrate) 100 tablets/box	43,200	Tablet	129,600.00
32	Silver Sulfadiazine 1% cream, 15 grams tube	3,000	Tube	600,000.00
33	Gentamicin 0.3% eye drops solution, 5ml bottle (as sulfate), 50 bottles/box	300	Bottle	60,000.00
			Total	1,296,720.00

11. Mandate the end-user to review the technical specifications and if necessary adjust the ABC subject to the required approvals and conduct a re-bidding with re-advertisement and/or posting, as provided for in Section 21.2 of the Revised Implementing Rules and Regulations of the Republic Act 9184.

- 12. To conduct a re-bidding for the above-cited items upon submission of the following documentary requirements:
  - a) Revised Purchase Request (PR)
  - b) Certificate of Availability of Funds (CAF) or Letter of Request received by Budget
  - c) Project Procurement Management Plan (PPMP)

Signed this	day of	2010 at the Department of Health	h, San Lazaro Compound, Sta. Cruz, Manila.
Cigiloa tillo	aay or _	_20 to at the Bopartmont of Health	n, can Lazaro compouna, cia. craz, mania.

#### CENTRAL OFFICE BIDS AND AWARDS COMMITTEE (COBAC)

(SIGNATURE OVER PRINTED NAME)
BAC Provisional Member/ End-User Representative

(SINGATURE OVER PRINTED NAME)
BAC Regular Member

(SIGNATURE OVER PRINTED NAME)

NAME)

BAC Regular Member

(SINGATURE OVER PRINTED

**BAC Vice-Chairperson** 

(SIGNATURE OVER PRINTED NAME)
BAC Chairperson

Approved by: (SIGNATURE OVER PRINTED NAME)
Head of the Procuring Entity

### V. NOTICE OF AWARD



## Republic of the Philippines Department of Health OFFICE OF THE SECRETARY

#### **NOTICE OF AWARD**

Name of Company Representative Company F Company Address

Dear Ms. Jane Doe.

This is to inform you that based on the result of the Competitive Bidding conducted on May 24, 2010 for the Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions under IB No. 2010-5-24(19), as per COBAC Resolution No. 2010-135 your proposal was found to be the Lowest Calculated Responsive Bid with a Total Contract Price of Five Hundred Thirty One Thousand Four Hundred Thirty Two Philippine Pesos (Php 531,432.00) inclusive of local taxes.

Item No.	Description	Qty	Unit	Total Bid Price (PhP)
6	Ascorbic Acid 100mg/5ml syrup, 60ml bottle	3,600	bottle	51,840.00
7	Chloramphenicol 500mg capsule, 100 capsules/box	50,400	capsule	100,800.00
8	Chloramphenicol 125mg/5ml suspension, 60ml bottle (as palmitate)	2,880	bottle	59,760.00
10	Cloxacillin 125mg/5ml powder for suspension , 60ml bottle (as sodium salt)	2,880	bottle	61,776.00
11	Cloxacillin 500mg capsule (as sodium salt) 100 capsules/box	72,000	capsule	212,400.00
17	Metronidazole 125mg base/5ml (200mg/5ml as benzoate) suspension, 60ml bottle	1,440	bottle	21,096.00
19	Metformin 500mg tablet/film coated tablet (as hydrochloride) 100 tablets/box	36,000	tablet	23,760.00
		•	TOTAL	531,432.00

You are hereby requested to post your Performance Security equivalent to the percentage of the total Contract Price of the acceptable forms as listed below within *ten (10) calendar days* from receipt of the Notice of Award (NOA) and further to confer with the Director of the Procurement Service, for instructions regarding the execution of this award:

Form of Performance Security	Amount of Performance Security
-	(Equal to Percentage of the Total
	Contract price)
a) Cash, Cashier's Check, Manager's Check, Bank	
Draft/Guarantee confirmed by a Universal or	Five Percent (5%)
Commercial Bank duly licensed in the Philippines	

b) Irrevocable Letter of Credit issued by a <i>Universal</i> or <i>Commercial Bank:</i> Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank duly licensed in the Philippines if used by a foreign bank	
c) Surety Bond callable upon demand issued by a surety or insurance Company duly certified by the Insurance Commission as authorized to issue such security.	Thirty Percent (30%)
d) Any combination of the foregoing	Proportionate to share of form with respect to total amount of security

The original NOA with signature on "CONFORME" shall be returned within two (2) working days upon receipt of the approved NOA

Please bear in mind that failure to provide the performance security shall constitute sufficient ground for recession of the award.

### (SIGNATURE OVER PRINTED NAME HOPE or Duly Authorized Representative

Conforme:	
Printed Name and Signature of Representative	
Name of Bidder: Date:	

### W. CONTRACT/PURCHASE ORDER



## Republic of the Philippines Department of Health OFFICE OF THE SECRETARY

#### **PURCHASE ORDER**

Procurement of Various Pharmaceuticals, Ointment/Cream and Solutions IB No. 2010-5-24(19)

Supplier:		Company F	\ /	PO No.:	2010-9-208
Address:		Company Address			
Telephon	e No.:			Mode of Prod	curement:
TIN:					
Gentleme Plea		his office the following articles subject to the terms a	nd conditions o	ontained hereir	ո։
Place of De	·	<ul> <li>DOH Warehouse, Material Management Divising Bldg., 25, San Lazaro Cmpd., Sta. Cruz, Manilation Thirty (30) calendar days upon receipt of Notice Proceed</li> </ul>	Deliver y Term Payme nt Term	: :	
Item No.	Unit of Issue	ITEM DESCRIPTION	QTY	UNIT COST	AMOUNT
1	bottle	Ascorbic Acid Oral  Name of manufacturer: Company F1 Country of origin: Philippines Brand: Generic Strength: 100mg/5ml Dosage form: Syrup 60ml bottle  Upon delivery the following shall be complied:  Shelf life: Drugs must be fresh commercial stock with a total shelf life of twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.  Packaging Instructions: 60ml bottle, individually boxed, 144 bottles per corrugated carton.  Labeling Instructions: For each box, bottle and corrugated carton the	3,600	14.40	51,840.00

		following should legibly imprint: "Philippine Government Property- Department of Health-Not for Sales" Date of manufacture: Date of expiry:			
2	capsule	Chloramphenicol Oral Name of manufacturer: Company F1 Country of origin: Philippines Brand: Generic/Zinett Strength: 500mg Dosage form: Capsule	50,400	2.00	100,800.00
3	amber bottle	Upon delivery the following shall be complied:  • Shelf life: Drugs must be fresh commercial stock with a total shelf life of twenty four (24) months from the date of manufacture but not less than eighteen (18) months from the date of delivery.  • Packaging Instructions: 10 capsules in blister pack,/foil strip, 100 capsules per box, 72 boxes per corrugated carton.  • Labeling Instructions: for each box, blister pack or foil strip and corrugated carton the following should legibly imprint: "Philippine Government Property-Department of Health-Not for Sale" Date of manufacture:  Date of expiry:  Chloramphenicol Oral  Name of manufacturer: Company F1  Country of origin: Philippines  Brand: Generic  Strength: 125mg/5ml (as palmitate)  Dosage form: Suspension 60ml  Upon delivery the following shall be complied:  • Shelf life must be fresh commercial stock with a total shelf life of twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.	2,880	20.75	59,760.00

		Packaging Instructions: 60ml bottle, individually boxed, 144 bottles per carton.  Labeling Instructions: For each box, bottle and corrugated carton the following should legibly imprint: "Philippine Government Property-Department of Health-Not for Sale" Date of manufacture:  Date of expiry:			
5	capsule	Cloxacillin Oral Name of manufacturer: Company F1 Country of origin: Philippines Brand: Generic Strength: 125mg/5ml Dosage form: powder for suspension (sodium salt), 60ml amber bottle  Upon delivery the following shall be complied:  • Shelf life: Drug must be fresh commercial stock with a total shelf life of twenty four (24) months from the date of manufacture but not less than sixteen (16) months from the date of delivery.  • Packaging Instructions: 60ml bottle, individually boxed, 144 bottles per corrugated carton.  • Labeling Instructions: For each box,	72,000	2.95	212,400.00
6	amber bottle	bottle and corrugated carton the following should legibly imprint: "Philippine Government Property- Department of Health-Not for Sale" Date of manufacture: Date of expiry:  Cloxacillin Oral Name of manufacturer: Company F1 Country of origin: Philippines Brand: Generic Strength: 500mg (as sodium salt) Dosage form: Capsule  Upon delivery the following shall be complied: • Shelf life: Drugs must be fresh	1,440	14.65	21,096.00

0 Brand: Generic Strength: 500mg (as hydrochloride) Dosage form: tablet/film coated tablet Upon delivery the following shall be complied: • Shelf life: drugs must be fresh commercial stock with a total shelf life of twenty four (24) months from the date of manufacture but not less than eighteen (18) months from the date of delivery. • Packaging Instructions: 10 tablets in blister pack / foil strip, 100 talbets per box. • Labeling Instructions: Foe each box, blister pack or foil strip and corrugated carton the following should legibly imprint: "Philippine Government Property-Department of Health-Not for Sale" Date of manufacture:\_\_\_\_\_ Date of expiry:\_\_\_\_\_ **X-X-X-X-X-X-X-X** For the use of HEMS Note: Subject to the conditions stated in the Bidding Documents. Five Hundred Thirty One Thousand Four Hundred Thirty Two Pesos Only Php 531,432.00 In case of failure to make the full delivery within the time specified above, a penalty of one-tenth (1/10) of one (1) percent for every day of delay shall be imposed. HOPE/DULY AUTHORIZED REPRESENTATIVE CONFORME: Signature over printed name of Supplier Date Funds Available: ALOBS No. : \_\_\_\_\_\_ Amount : \_\_\_\_

### X. NOTICE TO PROCEED



# Republic of the Philippines Department of Health OFFICE OF THE SECRETARY

**NOTICE TO PROCEED** 

The Manager Company D Grace Park, Caloocan City Tel No. 364-7764 / 364-8763

Sir/Madam:

This is to inform you that Purchase Order No. 2010-9-208 as a result of Competitive Bidding for the Procurement of Various Pharmaceutical, Ointment/Cream and Solutions has been approved. You may now proceed with the delivery of the items listed in the said Purchase Order.

Delivery should be completed within thirty (30) calendar days from receipt of this notice.

Enclosed is the original Purchase Order for your ready reference in the execution of this transaction.

(SIGNATURE OVER PRINTED NAME)
HOPE/DULY AUTHORIZED REPRESENTATIVE

CONFORME: Received Original	
Signature Over Printed Name	Date
Manager and /or Authorized Representative	

## Y. NOTICE OF SUBMISSION OF ADDITIONAL DOCUMENTARY REQUIREMENT



Republic of the Philippines
Department of Health
OFFICE OF THE SECRETARY

15 March 2010

Marketing Officer Company A Address

Dear Sir/Madame.

This pertains to the bidding conducted on 15 March 2010 for the Procurement of Trophies and Plaques under IB No. 2010-3-15 (08).

Please be informed that. Company A was declared the Lowest Calculated Bidder (LCB) for the following item/s:

- 1) Plaque, NVBSP Nat'l Sandugo & PBC Awarding
- 1) Trophy, Small
- 2) Trophy, Medium
- 3) Trophy, Extra Large

You are required to submit the following documentary requirements within a *non-extendible period of three* (3) calendar days from receipt of this notification:

- a. Tax clearance certificate issued by BIR main office Collection Enforcement Division (per Executive Order 398, Series of 2005);
- b. Latest Annual Tax Return filed thru Electronic Filing and Payment Systems (EFPS) and must be duly validated with the tax payments made thereon for the preceding Tax Year be it on a calendar or fiscal year income (per Revenue Regulations 3-2005);
- c. Latest Business Tax Return filed thru Electronic Filing and Payment System (EFPS) duly validated with the tax payments made thereon also refers to the Value Added Tax (VAT) or Percentage Tax Returns covering the previous **six (6) months** (per Revenue Regulations 3-2005);
- d. Valid and current Certificate of PhilGEPS Registration

Failure to duly submit the requirements stated above or any finding against the veracity of such shall be a ground for the forfeiture of the bid security and disqualification for the award.

#### (SIGNATURE OVER PRINTED NAME)

**BAC CHAIRPERSON** 

### Z. RESOLUTION ON NEGOTIATED PROCUREMENT



## Republic of the Philippines Department of Health CENTRAL OFFICE BIDS AND AWARDS COMMITTEE

COBAC RESOLUTION NO. 2010-\_\_\_\_

## APPROVING THE AWARD OF CONTRACT FOR THE NEGOTIATED PROCUREMENT OF MASCOTS IB NO. 2010-5-11 (20)

**WHEREAS**, Negotiated Procurement of Mascots for the use of the National Center for Health Promotion (NCHP) was conducted in accordance with Republic Act 9184 and its Revised Implementing Rules and Regulations;

WHEREAS, on 30 April 2010, a Request for Quotation under IB No. 2010-5-11 (20) was sent to Company A and Company B;

WHEREAS, the Submission and Opening of Proposals took place as scheduled on 11 May 2010, 2:30 p.m. at the COBAC Conference Room, Ground Floor, Building 6, DOH, San Lazaro Compound, Sta. Cruz, Manila;

WHEREAS, among the two (2) suppliers invited, only Company A submitted its proposal;

**WHEREAS**, the presence, completeness and correctness of the required documents were checked and verified by the Central Office Bids and Awards Committee in the presence of the prospective bidders' representatives;

WHEREAS, upon checking, the proposal of Company A was accepted and declared PASSED.

**WHEREAS**, on 14 May 2010, the technical evaluation of the submitted proposals was undertaken by the Technical Working Group (TWG) per DPO No. 2010-054 dated 12 May 2010;

WHEREAS, on the same date, the TWG submitted their Bid Evaluation citing specific findings on the submitted documents by the lone supplier:

Item No. 1	DESCRIPTION	PURCHASER'S SPECIFICATION	ARTISTIC IDEAS ENT.
1	Yosi Kadiri Mascot	Head made of fiberglass covered with fur Foam padded body arms and legs with oversized feet covered with fur	Complying Complying
2	DOH Generic Mascot	Face frame made of fiberglass Foam padded body arms and legs with cloth with oversized shoes	Complying Complying

**WHEREAS**, COBAC reviewed and deliberated the TWG report, as well as the documents submitted by the lone supplier for the items bided and the following are the salient points of discussion/deliberation:

Item No.	Description	Name of Bidder	ABC (PhP)	Bid Price (PhP)	TWG		TWG COBAC		AC
					Findings	Recommendation	Findings	Recommendation	
	Yosi Kadiri Mascot	COMP ANY A	645,901.20	580,500.00	The supplier being the Lone Supplier passed the post-qualification and complies with the	Responsive	The offer was found acceptable since the bid conforms to the required technical specifications.	Single Calculated Responsive (SCRB)	

				technical, legal and financial requirements.		Company A is determined to be responsive and post- qualified and recommended for award of contract.	
DOH Generic Mascot	COMP ANY A	645,901.20	619,400.00	The supplier being the Lone Supplier passed the post- qualification and complies with the technical, legal and financial requirements.	Responsive	The offer was found acceptable since the bid conforms to the required technical specifications. Company A is determined to be responsive and post-qualified and recommended for award of contract.	Single Calculated Responsive (SCRB)

**NOW THEREFORE**, on the basis of the above, the herein members of the **COBAC HEREBY RESOLVE** to award the contract to COMPANY A as determined to be the SCRB with a total Contract Price of One Million One Hundred Ninety Nine Thousand Nine Hundred Pesos (PhP 1,199,900.00) inclusive of other taxes for the items listed below:

Item No.	Particular	Quantity	Unit	Total Bid Price (PhP)
1	Yosi Kadiri Mascot	18	Set	580,500.00
2	DOH Generic Mascot	18	Piece	619,400.00
Total		1,199,900.00		

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#### **CENTRAL OFFICE BIDS AND AWARDS COMMITTEE**

Regular Member Regular Member Vice-Chairperson

Chairperson