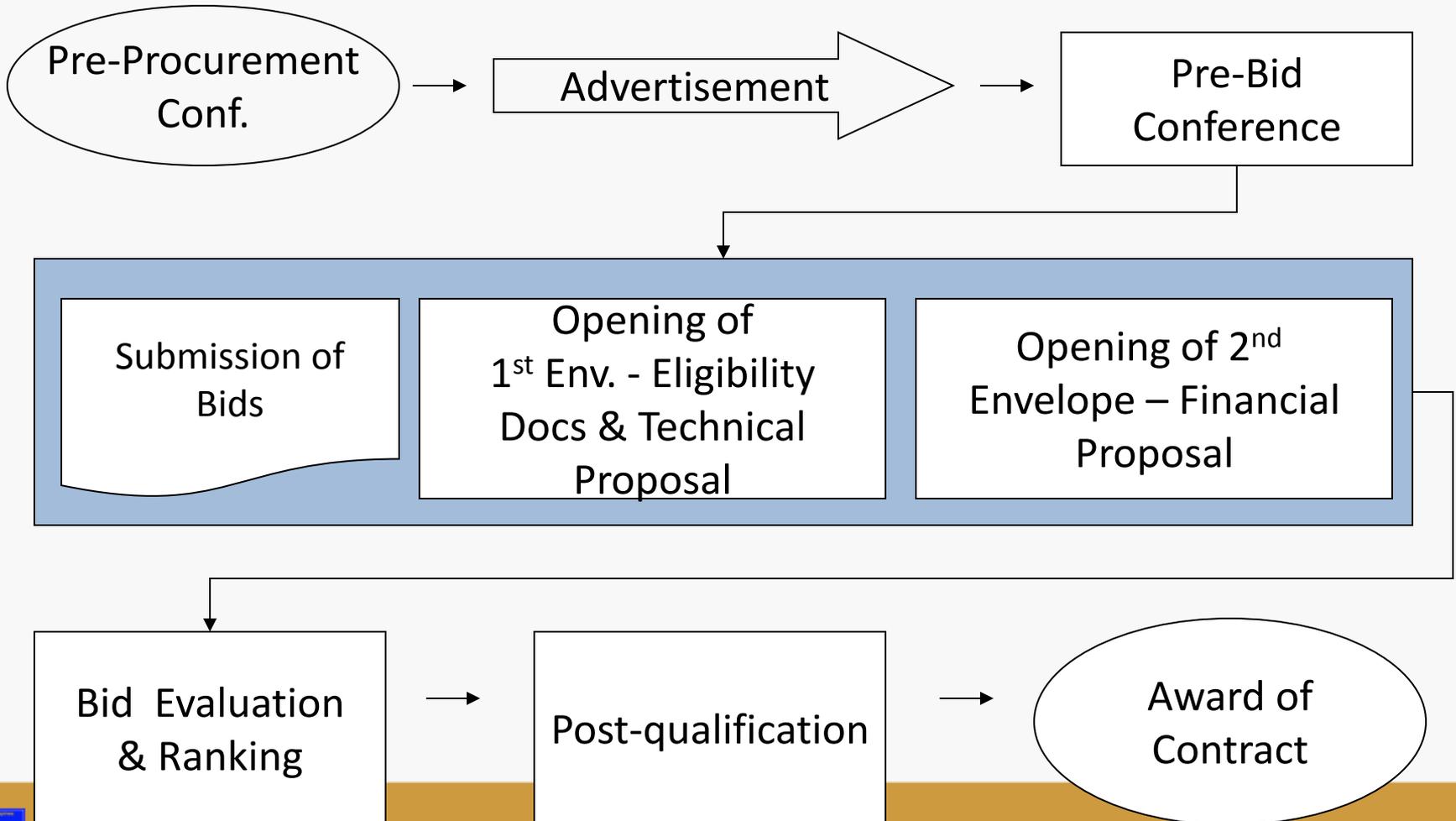




Challenges in Public Procurement

Government Procurement is not a mystery... It is not elusive – but we need to embrace and understand the law and the rules...

Standardized Bidding Procedures for Goods and Works Procurement



The APCPI Result

In 2011 and 2012, the following national government agencies (NGAs) rate their compliance with the procurement law using the APCPI tool:

- | | | |
|----------|---------------------------|-----------|
| 1. DAR | 8. DFA | 14. DPWH |
| 2. DA | 9. DOH | 15. DOST |
| 3. DBM | 10. DILG | 16. DSWD |
| 4. DepEd | 11. DOJ | 17. DOT |
| 5. DOE | 12. DOLE | 18. DTI |
| 6. DENR | 13. DND-
Modernization | 19. NEDA* |
| 7. DOF | | |

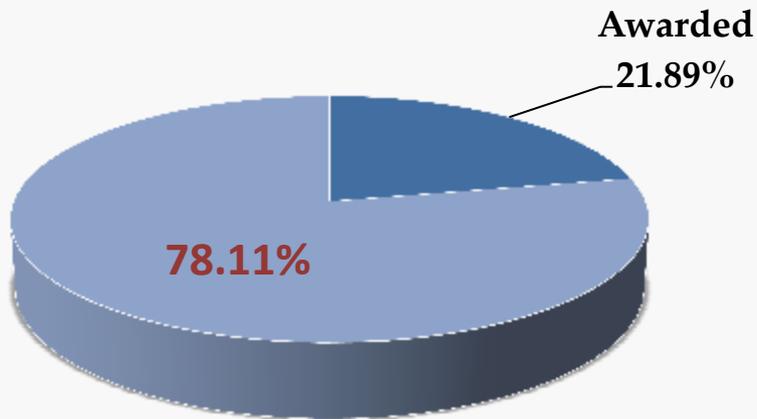
**For 2012 only*

Total APP vs. Awarded Contract

(in terms of amount, NGAs)

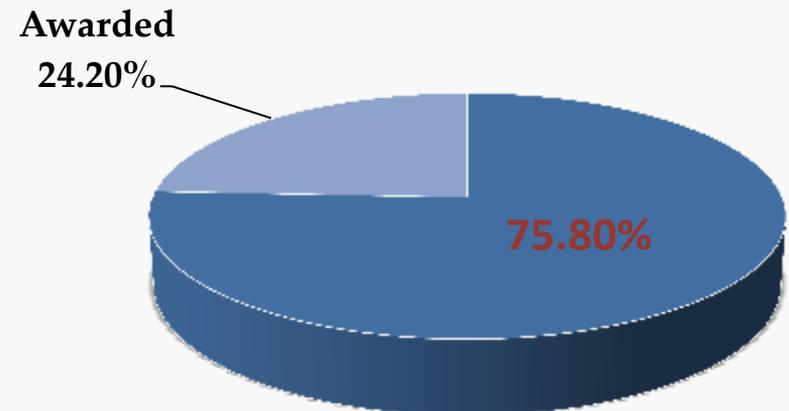
2011

APP = PhP 137.91 B
Awarded = PhP 30.19 B



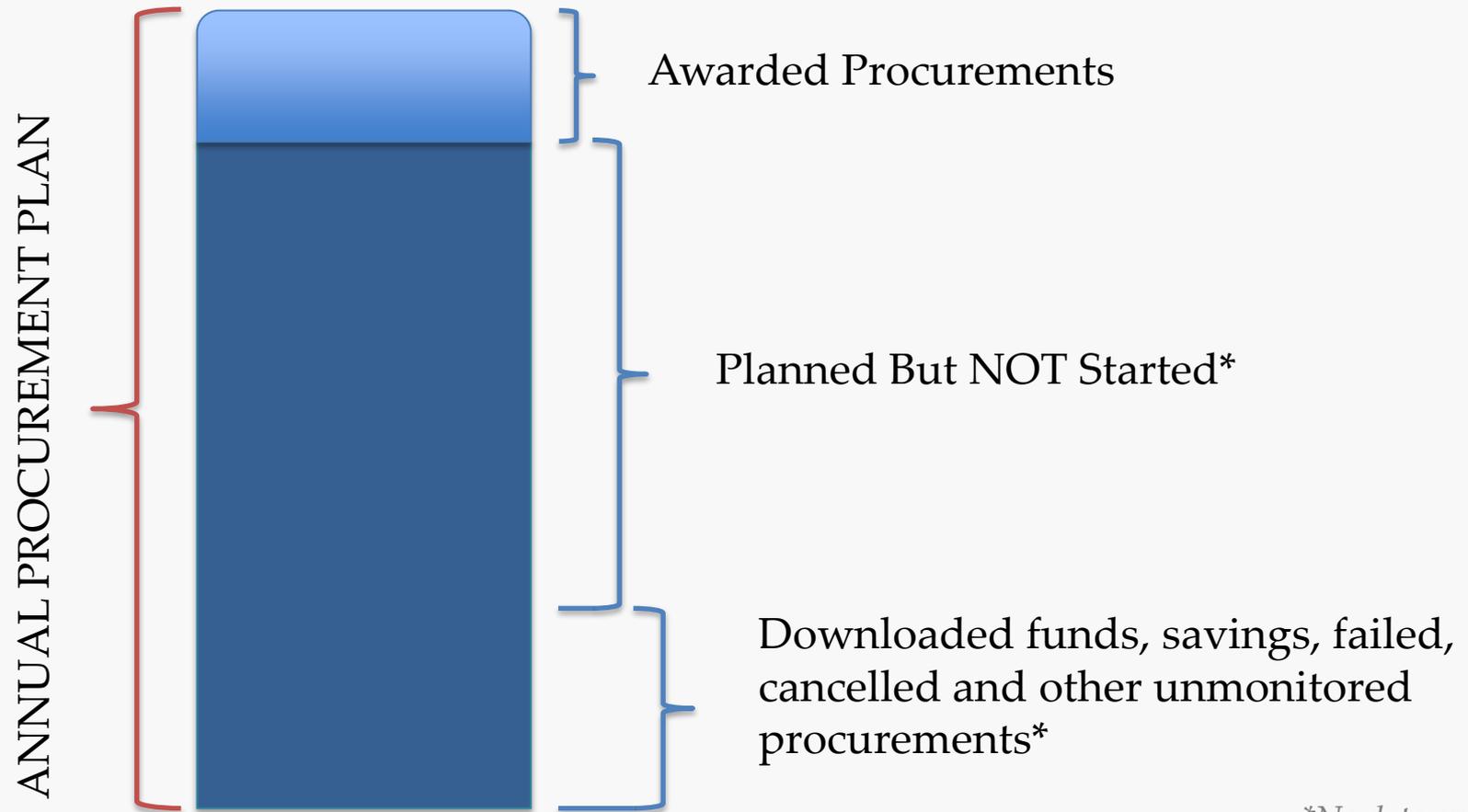
2012

APP = PhP 131.17 B
Awarded = PhP 31.74 B



VARIANCE IN THE APP BUDGET AND TOTAL AMOUNT AWARDED

(Based on the PMRs and APPs of Participating Agencies)



**No data available*

Failed Biddings

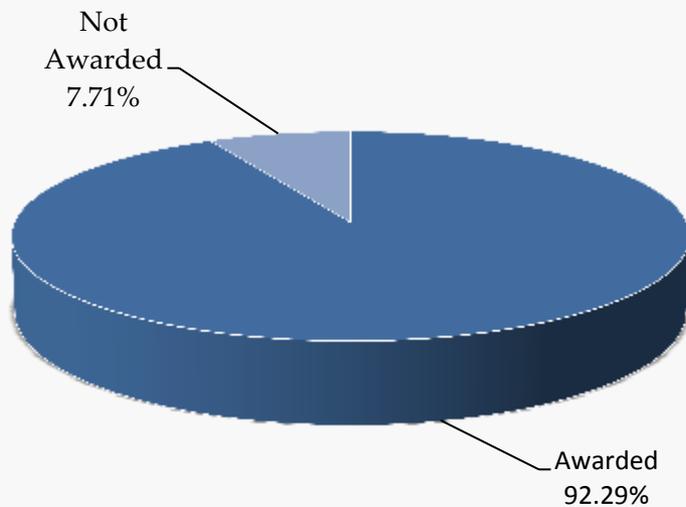
(Total Contracts Awarded vis-à-vis Number of Procurement Activities)

2011

Procurement Activities = 8,731

Contracts Awarded = 8,058

Difference = **673**

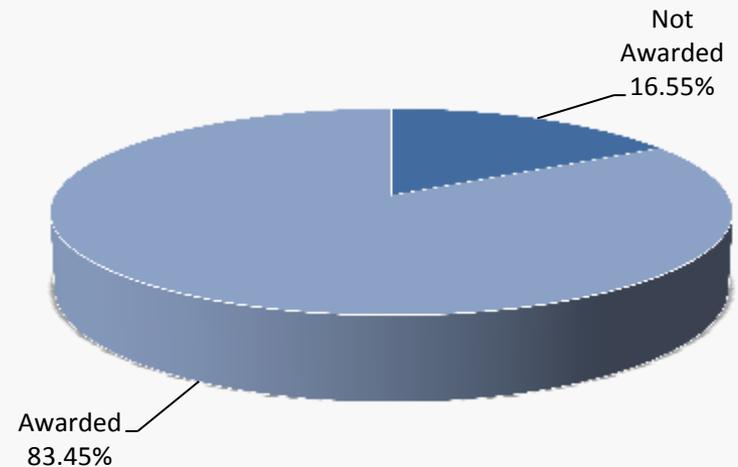


2012

Procurement Activities = 11,450

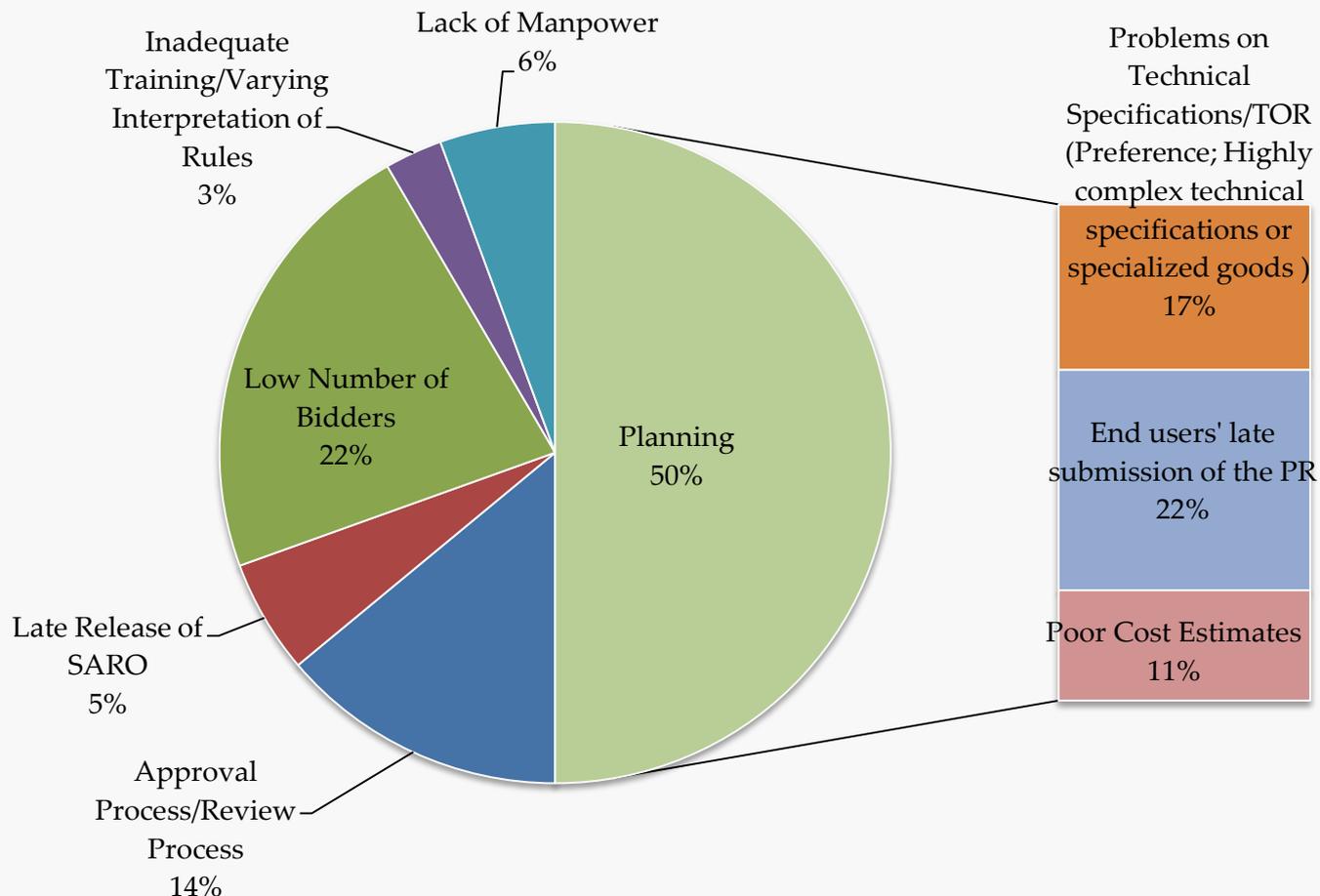
Contracts Awarded = 9,555

Difference = **1,895**



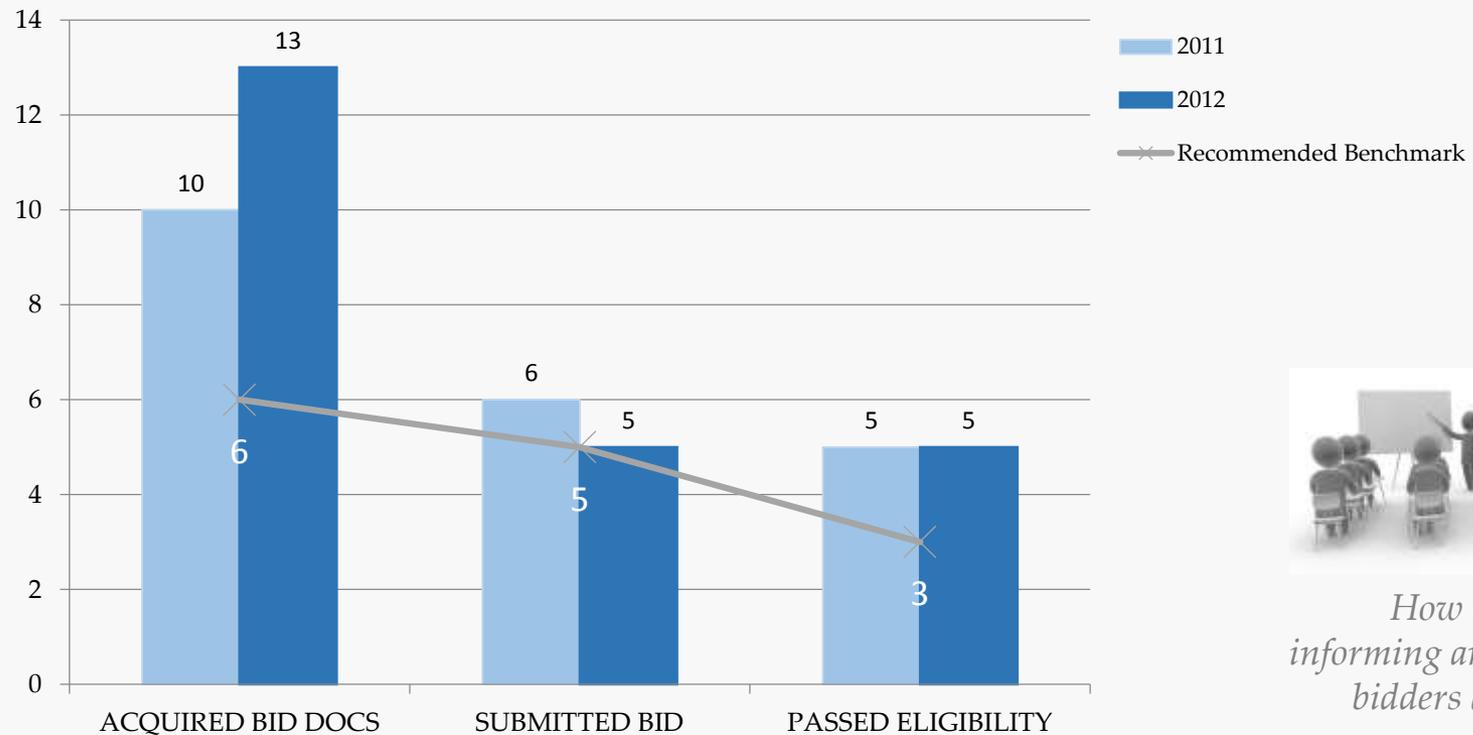
PRIMARY CAUSES OF DELAYS AND FAILURE OF BIDDING

(Based on APCPI Confirmation Result of Participating Agencies)



BIDDER'S PARTICIPATION

(Average Number of Bidders Who Acquired Bid Docs, Submitted Bids and Passed the Eligibility Stage vs. APCPI Recommended Benchmark)



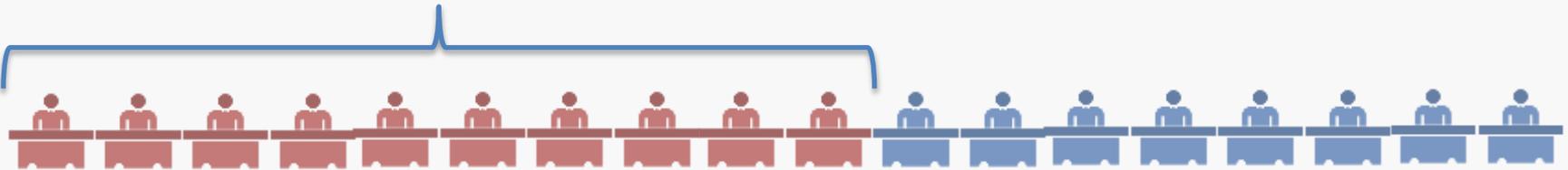
How do activities informing and updating bidders affect public procurement?

ISSUANCE OF NOTICE OF AWARD

(Number of Agencies Issuing NOA Within 10 days,
2011 and 2012 Consolidated Procurement Monitoring Report)

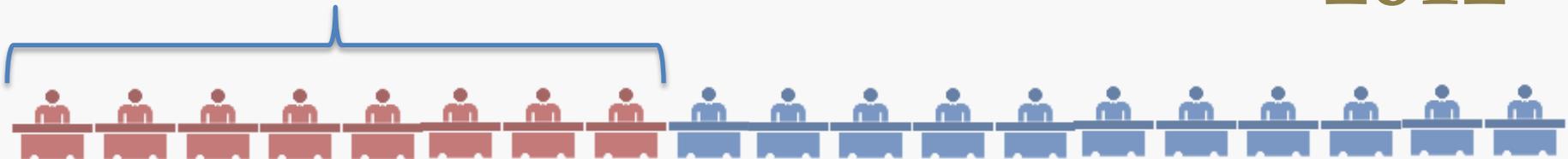
10 out of 18 agencies

2011



8 out of 19 agencies

2012



Focus Group Discussion

(22 August 2014)

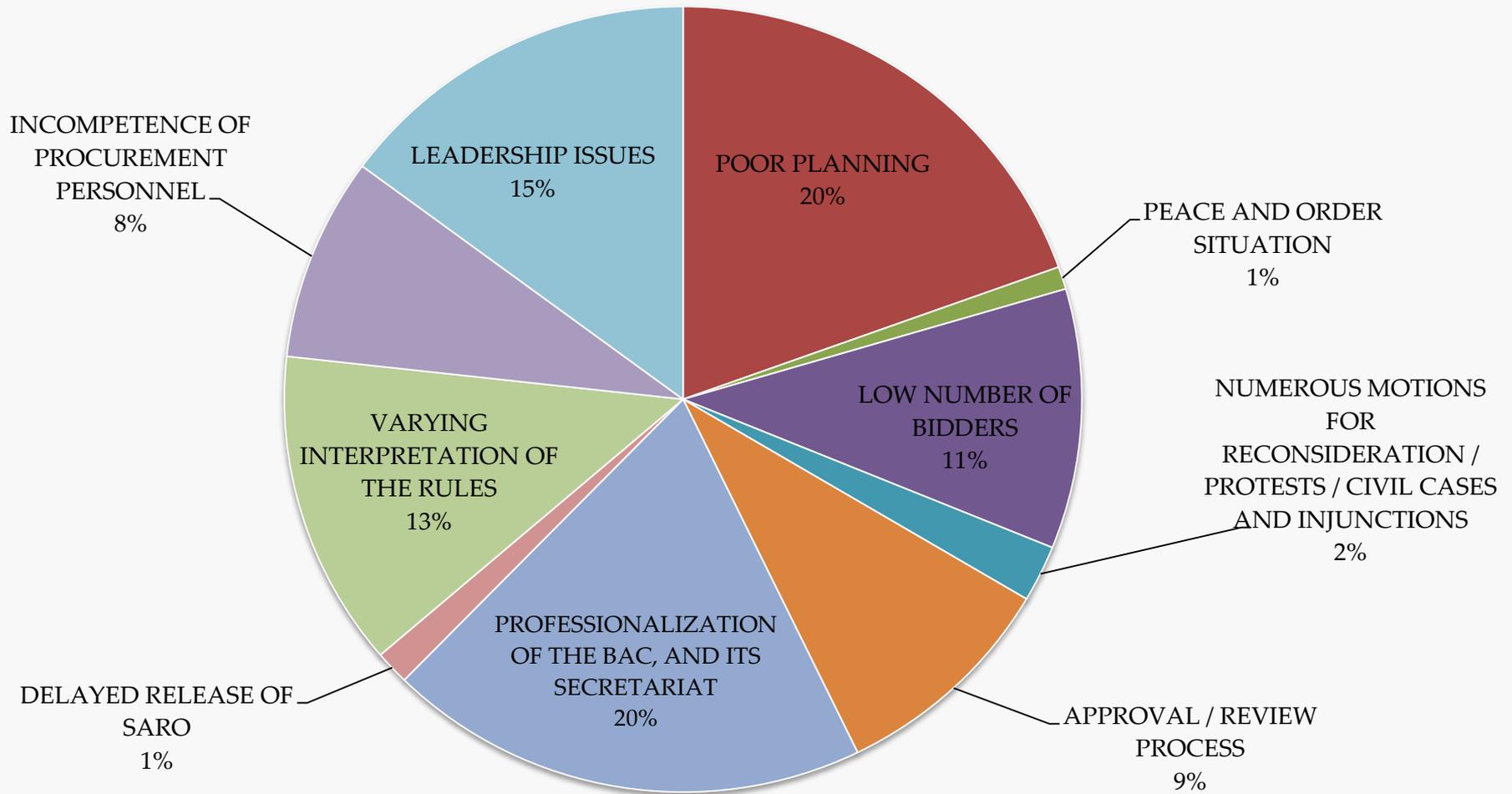
The following NGAs/GOCCs were invited in the FGD:

1. Department of Agriculture (DA);
2. Department of Education (DepED);
3. Department of Environment and Natural Resources (DENR);
4. Department of Interior and Local Government (DILG);
5. Department of National Defense (DND);
6. Department of Health (DOH);
7. Department of Transportation and Communications (DOTC);
8. Department of Public Works and Highways (DPWH);
9. National Power Corporation (NAPOCOR);
10. National Irrigation Administration (NIA);
11. National Electrification Administration (NEA); and
12. Department of Social Welfare and Development (DSWD)*.

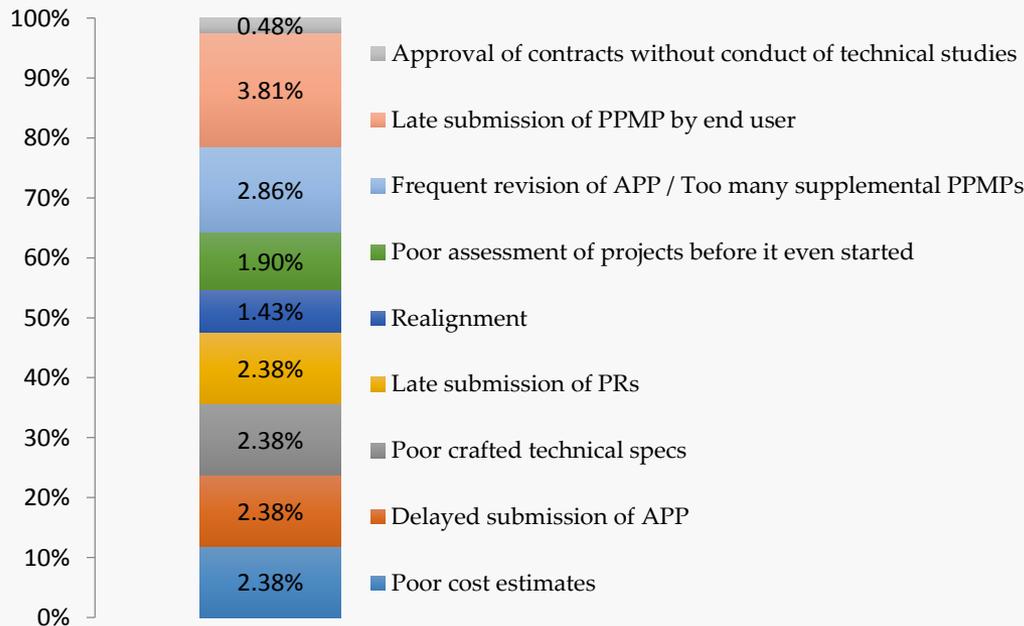
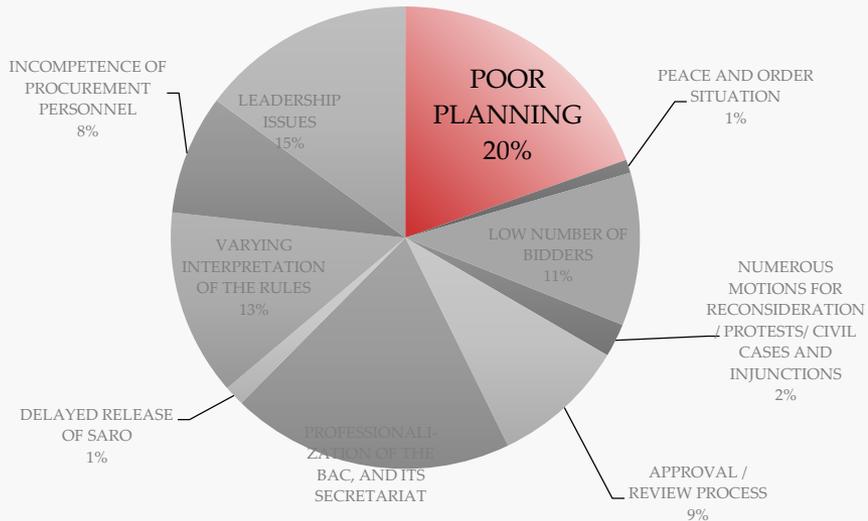
*Did not participate in the FGD.

CAUSES OF DELAYS IN PROCUREMENT

(Based on FGD Result)



POOR PLANNING

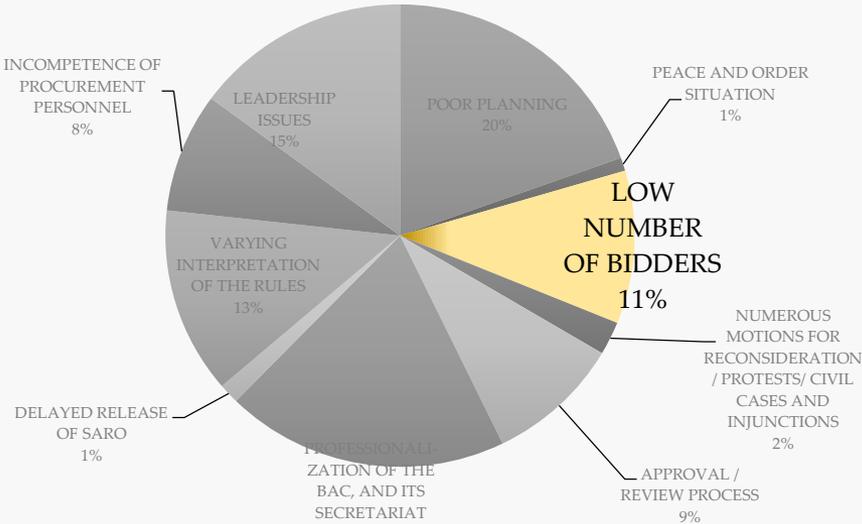


PROPOSED INTERVENTIONS

1. **Timely Preparation of Annual Procurement Plan (APP), and limit submission of supplemental PPMPs / APP.**
2. **Procurement Short of Award.**
3. **Use of Ordering Agreement.**
4. **Multi-Year Contract /Multi-Year Obligational Authority.**
5. **Appropriate use of Alternative Methods of Procurement**
6. **Inclusion of compliance with submission of APP/APCPI in the PBB.**
7. **Capacity Building Activity on preparing cost estimates and technical specifications.**
8. **Implementation of a Price Monitoring Database**
9. **Expand and Strengthen Pre-Construction Activities (FS, DED)**

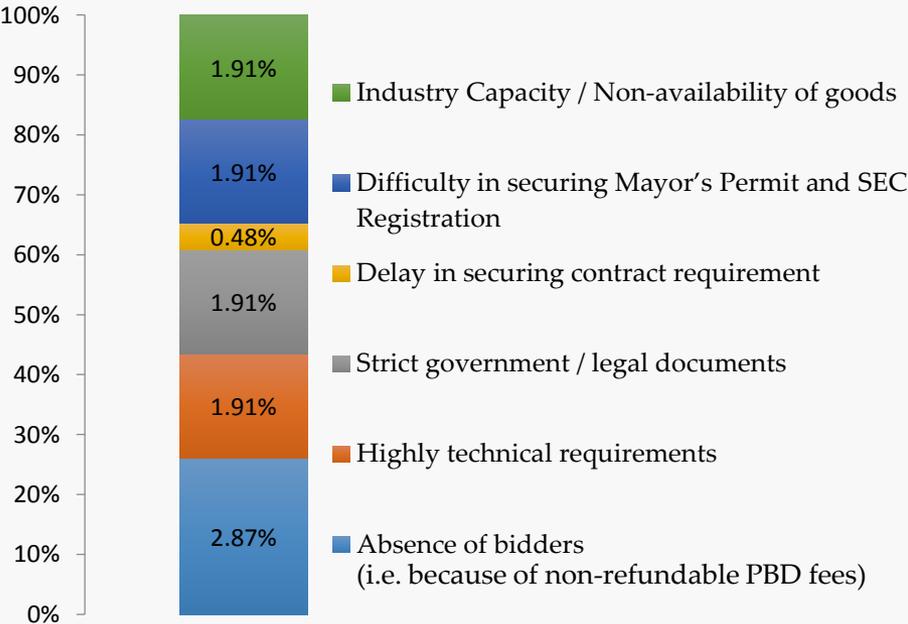
Getting to Performing ...

LOW NUMBER OF BIDDERS



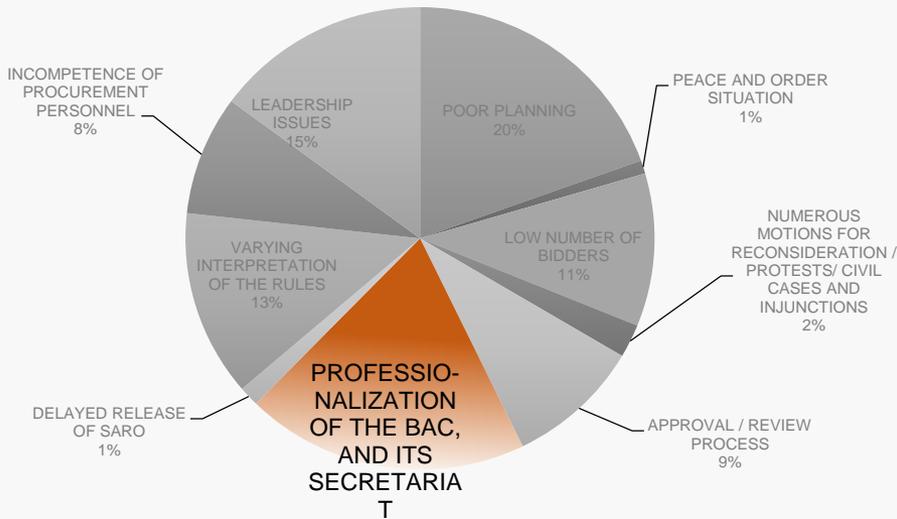
PROPOSED INTERVENTIONS

1. **Rebuild Trust - Capacitate the market operators.**
2. **Establish a good database of suppliers.**
3. **Attend industry association conferences/conventions to engage them to join government procurement activities (APP Showcase).**
4. **Organize exhibits, summits and/or conventions for prospective suppliers.**
5. **Acceptance of provisional Mayor's Permit and SEC Registration until post qualification pending the approval of the official permit and registration.**
6. **Use PhilGEPS as repository of "Class A" Documents, and the submission of the Certificate of "Class A" document shall be used for Eligibility Checking.**



Management of Requirements ...

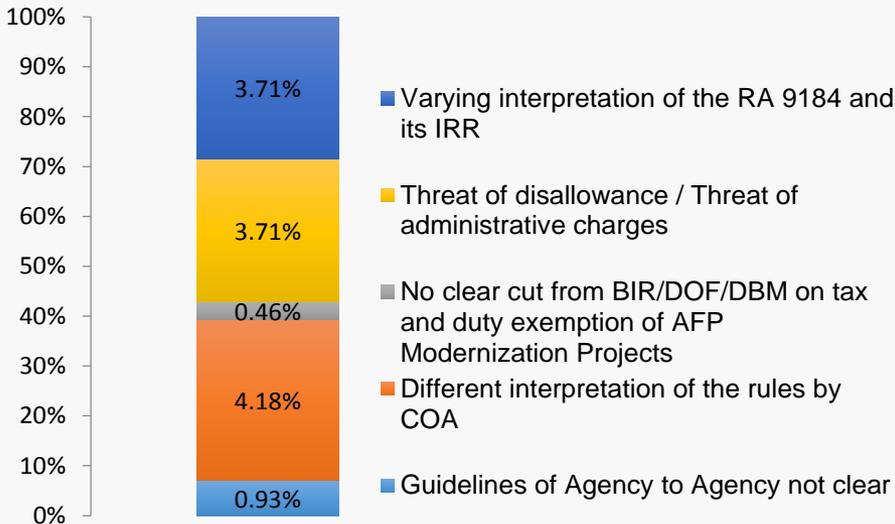
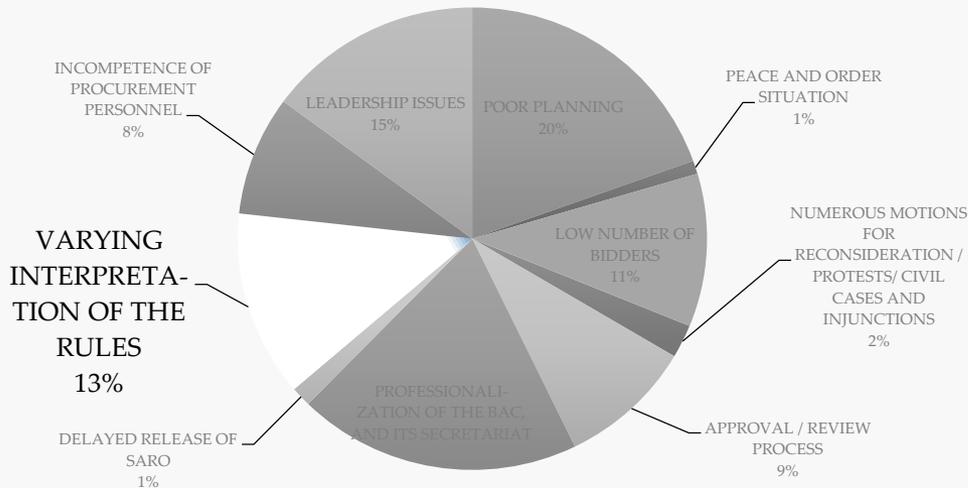
PROFESSIONALIZATION OF THE BAC, AND ITS SECRETARIAT



PROPOSED INTERVENTIONS

1. Capacity Development - professionalize procurement practitioners in government.
2. Continuing Procurement Education.
3. Creation of a dedicated and permanent BAC Secretariat - increase plantilla positions for the BAC Secretariat.
4. Strict Enforcement of "Jury Duty"
5. Introduce electronic procurement replacing routine and time consuming human labor, e.g., eShopping; eReverse Auction.

VARYING INTERPRETATION OF THE RULES

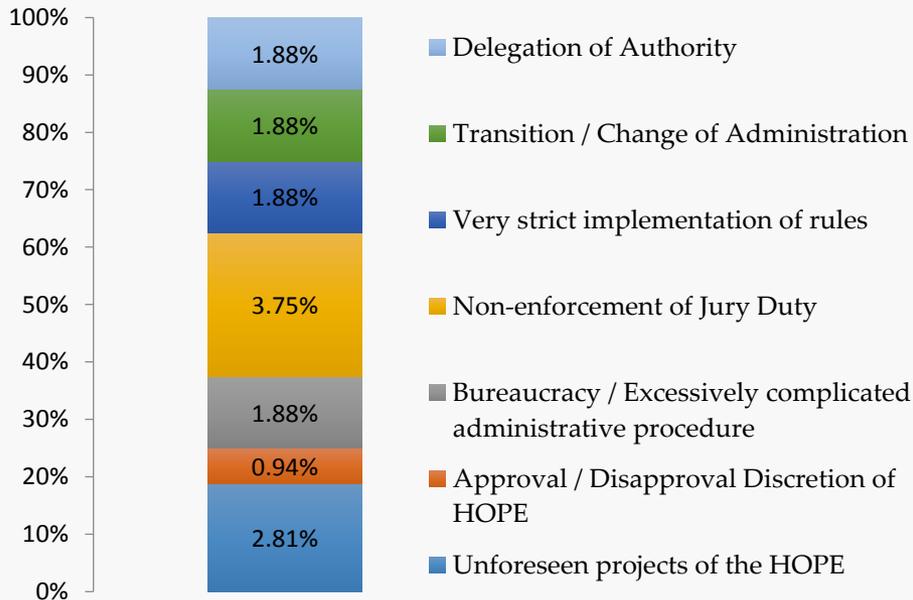
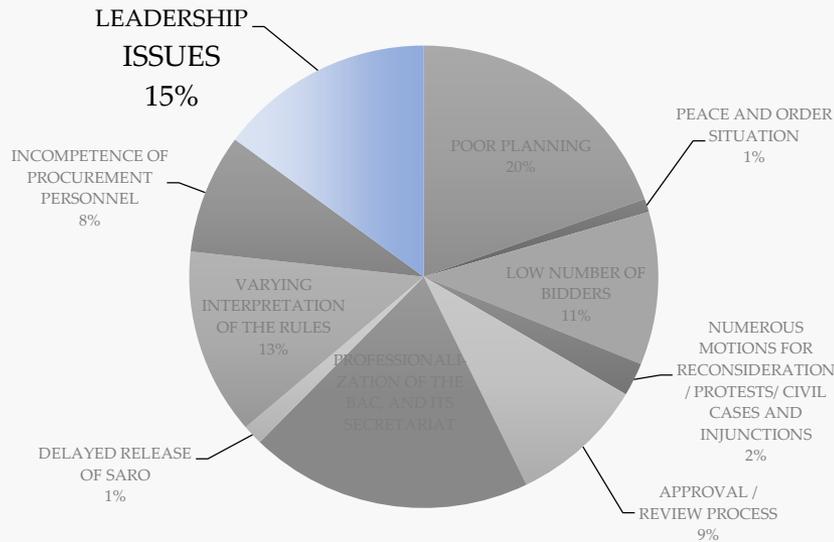


PROPOSED INTERVENTIONS

1. **Capacity Development - professionalize procurement practitioners in government.**
2. **GPPB-TSO should coordinate with COA on the interpretation and application of the procurement law and rules.**
3. **Revision and updating of COA Guidelines on Audit of Procurement (GAP).**

Working in silos ...

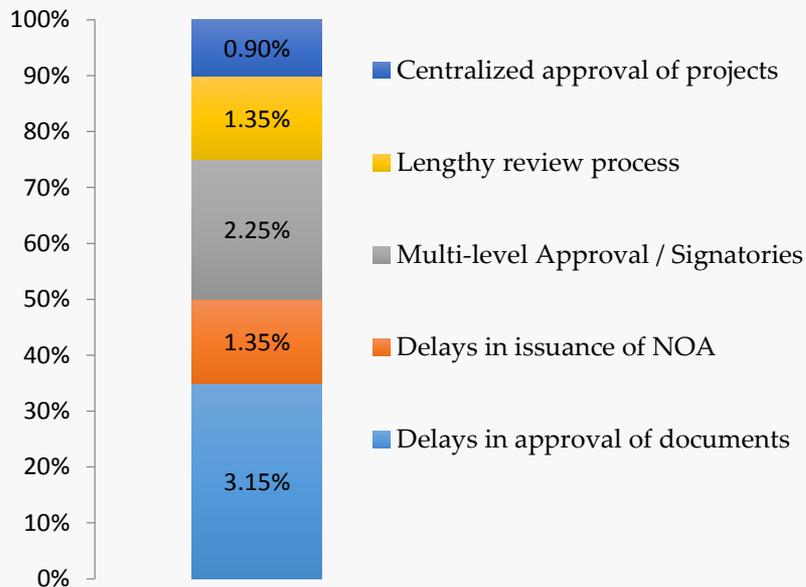
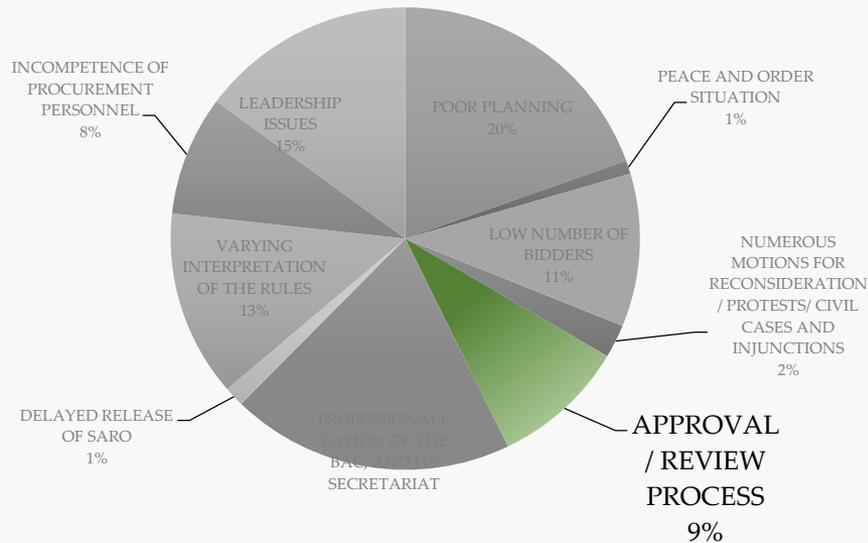
LEADERSHIP ISSUES



PROPOSED INTERVENTIONS

1. Issuance of a “Walkthrough on the Functions of HOPE”.
2. HOPE should be empowered and trained in procurement.
3. Strict Enforcement of “Jury Duty” among BAC, Secretariat and TWG members.
4. BAC and Support Unit to provide Complete Staff Work to HOPE to build confidence to recommendations.
5. Limit unforeseen projects to a certain number.

APPROVAL / REVIEW PROCESS

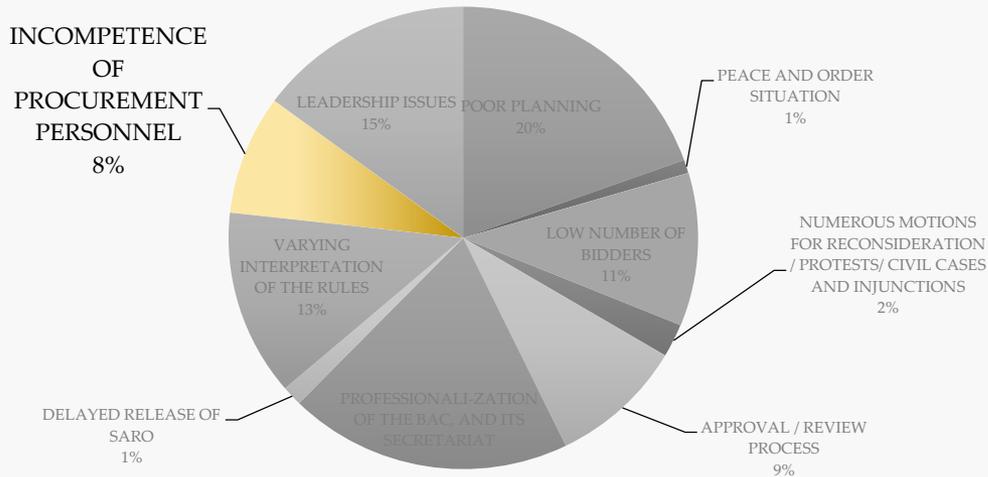


PROPOSED INTERVENTIONS

1. Observe procurement timelines – See Annex “C” of the IRR
2. Limit multiple bureaucratic reviews
3. Close coordination between BAC, Secretariat and TWG for timely recommendation
4. Procurement as part of OPCR/ IPCR
5. Delegation of Level of Approval by Amount
6. Introduction of Check-List and Flowchart System for all kinds of bids
7. Implementation of Document Tracking System across all agencies

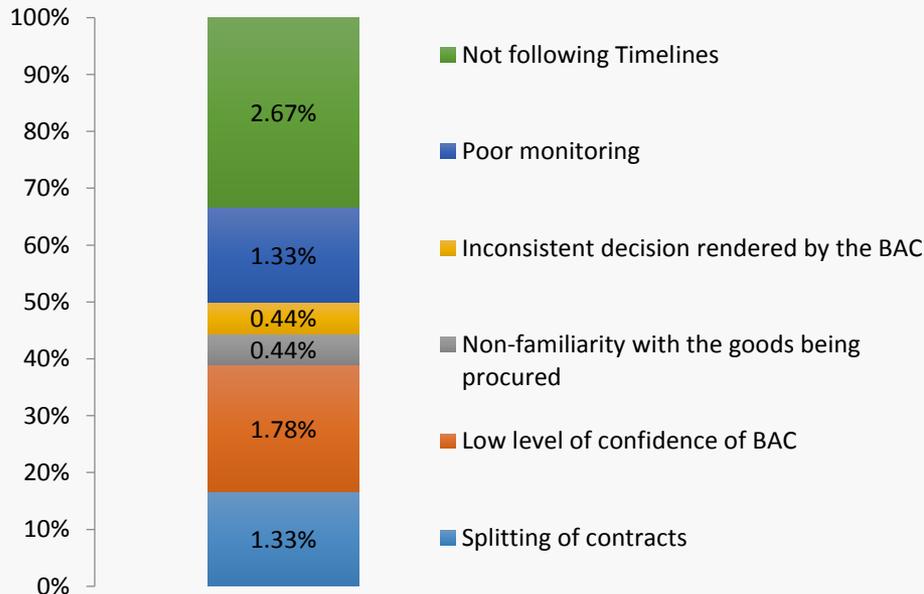
Need for Decision Makers ...

INCOMPETENCE OF PROCUREMENT PERSONNEL



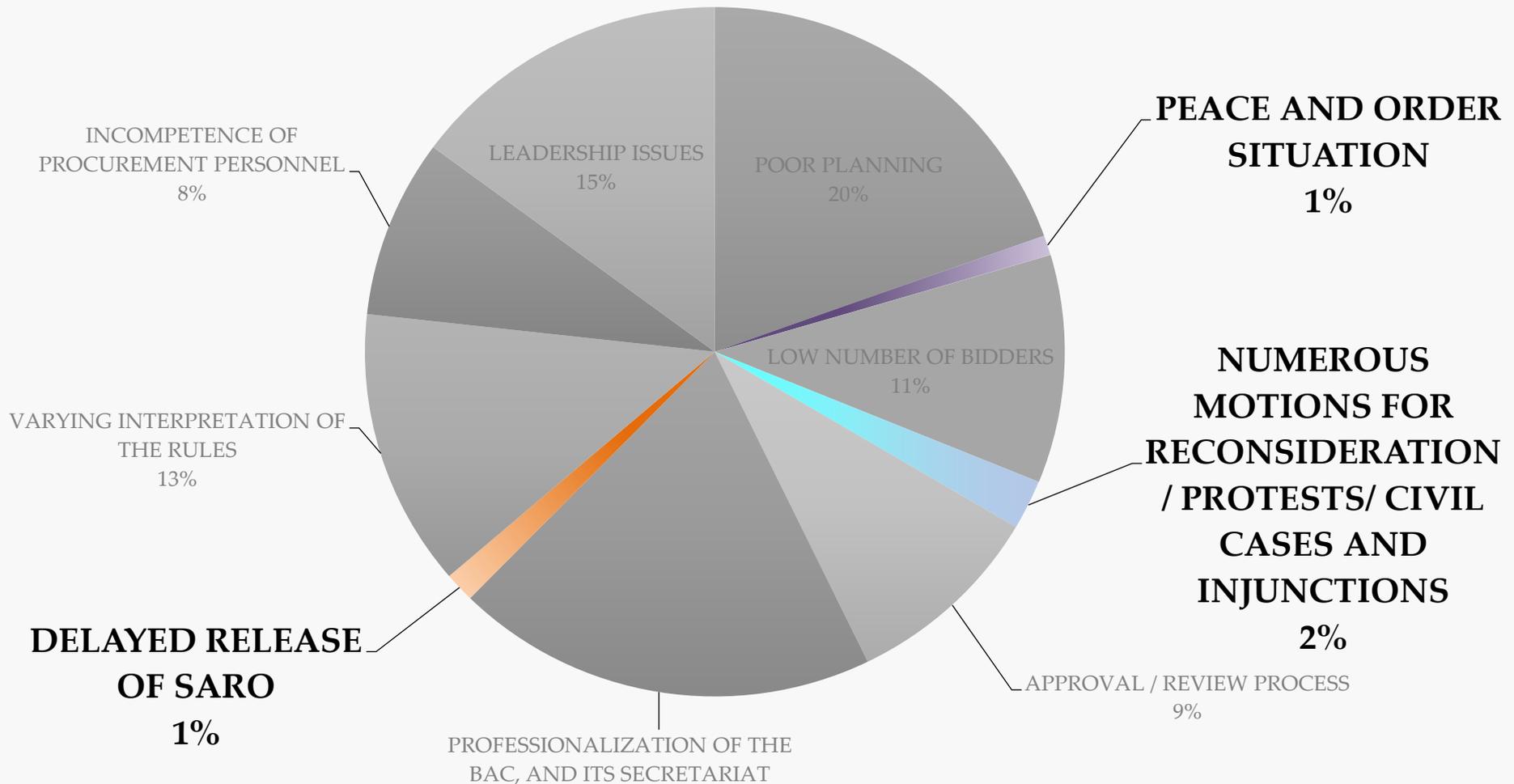
PROPOSED INTERVENTIONS

1. Review the qualifications of BAC members / up to Division Chief level
2. Encourage designation of alternate members
3. Identify where procurement encounters delay - create committee to address the problem
4. **Re-issuance of FAQs on Procurement (GPPB-TSO is finalizing this)**



Compliance v. Performance ...

OTHERS



OTHER PROCUREMENT ISSUES

vis-s-vis AFFECTED PROVISIONS IN THE

REVISED IRR OF R.A. 9184

PROCUREMENT ISSUES	AFFECTED IRR PROVISION/S	PROPOSED INTERVENTIONS
Lack of Observers	Sec 13.3	Provide observer allowance
Costs of Newspaper advertisement	Sec. 21.2.1 (a)	Increase threshold amount for procurement projects required to be published in a newspaper
NFCC requirement	Secs. 23.5.1.4 and 23.5.2.6	Revert to the use of CLC for procurement of goods.
50% SLCC Requirement	Secs. 23.5.1.3 and 23.5.2.5	Establish a performance rating system for suppliers.
Ordering Agreement Post Performance Security	Secs. 39, 40 and 69.1(e)	Use of undertaking similar to Bid Securing Declaration.
Rule on the allowance of partial bids	Sec. 32.2.1 and PBD-Goods	Issue Guidelines on Procurement by Lot
Clearer guidelines for Agency-to-Agency	Secs. 53.5 and 53.6	Revisit and guidelines on A-to-A, Procurement Agent
Mandatory Sealing and Marking of bids	ITB Clause 20.5	Transfer to Clause 19. Format and Signing of Bids

“In order to prevent corruption, we prevent procurement...”

Xformation...

“In order to prevent corruption, we do good procurement...”



Challenges in Public Procurement

Dennis S. Santiago

Executive Director

Government Procurement Policy Board – Technical Support Office