

Republic of the Philippines
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
CENTRAL OFFICE
Manila

**APPROVING THE REVISED GUIDELINES ON THE PROCUREMENT OF
PETROLEUM, OIL, AND LUBRICANT (POL) PRODUCTS**

WHEREAS, Section 63(b) of Republic Act (R.A.) No. 9184, the Government Procurement Reform Act, and Section 63.1(b) of the 2016 revised Implementing Rules and Regulations (IRR) authorize the Government Procurement Policy Board (GPPB) to formulate public procurement policies, rules and regulations, and amend, whenever necessary, the IRR;

WHEREAS, the GPPB issued Resolution No. 011-2007, dated 31 May 2007, approving and adopting the *Guidelines on Index-Based Pricing for Procurement of Petroleum, Oil and Lubricant Products* (Guidelines for brevity);

WHEREAS, the Guidelines provide for the rules on the use of index-based pricing for the procurement of Petroleum, Oil and Lubricant Products (POL for brevity) *in bulk*, but do not cover procurement of POL Products of small or necessary quantities, including automotive fuels for government vehicles and equipment for official use;

WHEREAS, the Government Procurement Policy Board – Technical Support Office (GPPB-TSO) receives numerous phone-in and walk-in queries requesting for clarification on the applicability of the Guidelines on the procurement of POL products in small or necessary quantities;

WHEREAS, the GPPB-TSO determined that Procuring Entities are having a hard time in the procurement of POL products in small or necessary quantities, including automotive fuels for government vehicles and equipment for official use;

WHEREAS, during the 2nd IATWG Meeting on 11 May 2018, the GPPB-TSO presented the proposed amendment to the Guidelines to clarify and provide procedural guidelines for the procurement of POL products in small or necessary quantities, and the IATWG adopted the following changes, *to wit*:

Title
(Revised Title)

“Revised Guidelines on the Procurement of Petroleum, Oil and Lubricant Products”

Item 1.0, 3rd paragraph
(Revised and Additional Provision)

“These rules and procedures shall govern the procurement of POL by the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units

when POL is a major operational requirement necessary for the prosecution of their principal mandate.

These Guidelines shall likewise provide the rules on the procurement of POL from retailers, dealers or gas stations, other than major suppliers as hereinafter defined, or from those who are engaged in the business of selling the same to the general public for ultimate consumption, and which are sold at retail pump prices.”

Item 2.2.
(Revised Provision)

“To prescribe the rules and procedures on the use of index-based pricing scheme for the procurement of POL **in bulk**”

Item 2.3.
(Additional Provision)

“To prescribe the rules and procedures in the procurement of petroleum fuel for government vehicles and equipment for official use, including oil and lubricant products in necessary quantities, but not in bulk, by Procuring Entities.”

Item 3.b.
(Revised Provision)

“b. **Bulk Procurement** – refers to any procurement which, by the totality of its POL requirements and by their sheer volume, necessitates procurement from major suppliers for purposes of economies of scale. **All others are procurement by retail pump price.**”

Item 3.m.
(Additional Provision)

*“3.m. **Retail Pump Price** – the price of petroleum fuel per liter, such as, gasoline, diesel oil and kerosene, as established by retailers, dealers or gas stations for the day.”*

Item 3.o.
(Additional Provision)

“3.o. **Vehicles** – any means of conveyance to transport passengers and carry cargoes, goods or effects on land, air or sea.”

Item 4.
(Revised and Additional Provision)

“POL requirements shall be considered major if the use of the same are necessary in the primary operation of the procuring entity and in the prosecution of its principal mandate. The duration of the contract to cover the

POL requirement of the procuring entity shall not exceed one (1) year, without prejudice to the applicability of any guidelines that may govern multi-year contracts.

These guidelines shall likewise apply to the procurement of POL from retailers, dealers or gas stations, other than major suppliers as hereinafter defined, or from those who are engaged in the business of selling the same to the general public for ultimate consumption, and which are sold at retail pump prices.”

Item 10.
(Additional Provision)

“10. NECESSARY QUANTITIES OF PETROLEUM OIL & LUBRICANT

10.1 For necessary quantities of petroleum fuel (gasoline, diesel, oil, and kerosene), not in bulk, to be used for official government vehicles and equipment for ultimate consumption, procuring entities may directly purchase from any reputable retailers, dealers or gas stations at retail pump price, subject to the controls on fuel purchase and consumption issued by the Commission on Audit (COA) to avoid excessive purchases.

10.2 For necessary quantities of Oil and Lubricant products, not in bulk, to be used for official government vehicles and equipment for ultimate consumption, the same may be directly purchased from reputable retailers, dealers or gas stations.”

Item 11.
(Additional Provision)

“11. PROCUREMENT OF FUELS FLEET CARDS AND GAS VOUCHERS

Procuring entities can continue procuring fuels (by fleet cards or gas vouchers) through public bidding or any of the alternative methods of procurement as may be applicable under the circumstances.

In such procurements, the ABC and resulting contract price for the purchase of fuels shall also be at retail pump price subject to the discounts and additional services offered as part of the bid.”

Item 12.
(Revised Provision)

*“These Guidelines amend **GPPB Resolution No. 11-2007, dated 31 May 2007** and shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general nationwide circulation and upon filing with the University of the Philippines Law Center of three (3) certified copies”*

WHEREAS, during the 2nd Regular Meeting of the GPPB, the GPPB-TSO presented to the GPPB the proposed amendments to the Guidelines as recommended by the IATWG, with additional proposals;

WHEREAS, after careful and due deliberation, the Board approved the proposed amendments and additional provisions to the Guidelines, specifically on the Title and Sections 1.0., 2.2., 2.3., 3.b., 3.m., 3.o., 4, 10, 11, and 12 of the Guidelines;

NOW, THEREFORE, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on **US** by law, hereby **RESOLVE** to approve and adopt, as **WE** hereby confirm, adopt and approve the Revised Guidelines on the Procurement of Petroleum, Oil and Lubricant Products with specific amendments and additional provisions covering Sections. 1.0., 2.2., 2.3., 3.b., 3.m., 3.o., 4, 10, 11, and 12. The matrix showing the amendments and additional provisions is hereto attached as **Annex “A”**;

The Amendments to the Guidelines shall take effect after fifteen (15) days following the publication in the Official Gazette or in a newspaper of general nationwide circulation and upon filing with the University of the Philippines Law Center of three (3) certified true copies of this Resolution.

APPROVED this 18th day of May 2018 at Pasig City, Philippines.

(SGD) _____ DEPARTMENT OF BUDGET AND MANAGEMENT	(SGD) _____ NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
(SGD) _____ DEPARTMENT OF EDUCATION	(SGD) _____ DEPARTMENT OF ENERGY
(SGD) _____ DEPARTMENT OF FINANCE	(SGD) _____ DEPARTMENT OF HEALTH
(SGD) _____ DEPARTMENT OF INFORMATION AND COMMUNICATION TECHNOLOGY	(SGD) _____ DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT
(SGD) _____ DEPARTMENT OF NATIONAL DEFENSE	(SGD) _____ DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

(SGD)

**DEPARTMENT OF SCIENCE AND
TECHNOLOGY**

(SGD)

**DEPARTMENT OF TRADE AND
INDUSTRY**

DEPARTMENT OF TRANSPORTATION

PRIVATE SECTOR REPRESENTATIVE

SPECIFIC AMENDMENTS UNDER THE REVISED GUIDELINES ON THE PROCUREMENT OF PETROLEUM, OIL, AND LUBRICANT PRODUCTS

ORIGINAL	AMENDED
<p>1. SCOPE AND APPLICATION</p> <p>These guidelines shall govern the use, under extraordinary circumstances, of an index-based pricing scheme for procurement of petroleum, oil, and lubricants (POL) in accordance with Section 61 of Republic Act No. 9184 (R.A. 9184), otherwise known as "Government Procurement Reform Act" and its Implementing Rules and Regulations (IRR), and the GPPB Guidelines for Contract Price Escalation.</p> <p>These rules and procedures shall govern the procurement of POL by the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units when POL is a major operational requirement necessary for the prosecution of their principal mandate.</p>	<p>1. SCOPE AND APPLICATION</p> <p>These guidelines shall govern the use, under extraordinary circumstances, of an index-based pricing scheme for procurement of petroleum, oil, and lubricants (POL) in accordance with Section 61 of Republic Act No. 9184 (R.A. 9184), otherwise known as "Government Procurement Reform Act" and its Implementing Rules and Regulations (IRR), and the GPPB Guidelines for Contract Price Escalation.</p> <p>These rules and procedures shall govern the procurement of POL by the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units when POL is a major operational requirement necessary for the <u>prosecution</u> <u>pursuit</u> of their principal mandate.</p> <p><u>These Guidelines shall likewise provide the rules on the procurement of POL from retailers, dealers or gas stations, other than major suppliers as hereinafter defined, or from those who are engaged in the business of selling the same to the general public for ultimate consumption, and which are sold at retail pump prices.</u></p>
<p>2. PURPOSE</p> <p>These guidelines are formulated to meet the following objectives:</p>	<p>2. PURPOSE</p> <p>These guidelines are formulated to meet the following objectives:</p>

ORIGINAL	AMENDED
<p>2.1. To identify the conditions for the applicability of the index-based pricing scheme in the procurement of POL products by a procuring entity.</p> <p>2.2. To prescribe the rules and procedures on the use of index-based pricing scheme for the procurement of POL</p>	<p>2.1. To identify the conditions for the applicability of the index-based pricing scheme in the procurement of POL products by a procuring entity.</p> <p>2.2. To prescribe the rules and procedures on the use of index-based pricing scheme for the procurement of POL <i>in bulk</i>.</p> <p>2.3. <u>To prescribe the rules and procedures in the procurement of petroleum fuel for government vehicles and equipment for official use, including oil and lubricant products in necessary quantities, but not in bulk, by Procuring Entities.</u></p>
<p>Item 3.b, DEFINITION OF TERMS</p> <p>b. Bulk Procurement – refers to any procurement which, by the totality of its POL requirements and by their sheer volume, necessitates procurement from major suppliers for purpose of economies of scale.</p>	<p>Item 3.b, DEFINITION OF TERMS</p> <p>b. Bulk Procurement – refers to any procurement which, by the totality of its POL requirements and by their sheer volume, necessitates procurement from major suppliers for purpose of economies of scale. <u>All others are procurement by retail pump price.</u></p>
<p>Item 3.m, DEFINITION OF TERMS</p> <p>m. Wholesale Posted Price or WPP – refers to the reference fuel prices individually set by local refiners and traders subject to periodic changes based on the movement in crude oil prices, foreign exchange, and all other costs as verified and confirmed by the Department of Energy (DOE).</p>	<p>Item 3.m-o, DEFINITION OF TERMS</p> <p><u>m. Retail Pump Price – the price of petroleum fuel per liter, such as, gasoline, diesel oil and kerosene, as established by retailers, dealers or gas stations for the day.</u></p> <p><u>n. Wholesale Posted Price or WPP</u> – refers to the reference fuel prices individually set by local refiners and traders subject to periodic changes based on the movement in crude oil prices, foreign exchange, and all other costs as verified and confirmed by the Department of Energy (DOE).</p> <p><u>o. Vehicles – any means of conveyance to transport passengers and carry cargoes, goods or effects on land, air or sea.</u></p>
<p>4. CONDITIONS FOR APPLICABILITY OF THESE GUIDELINES</p>	<p>4. CONDITIONS FOR APPLICABILITY OF THESE GUIDELINES</p>

ORIGINAL	AMENDED
<p>These guidelines shall be applicable in cases of bulk procurement of POL by the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units where POL procurement is a major requirement in their operations. For this purpose, procuring entities intending to use these guidelines for their POL procurement shall notify the Government Procurement Policy Board (GPPB) in writing.</p> <p>POL requirements shall be considered major if the use of the same are necessary in the primary operation of the procuring entity and in the prosecution of its principal mandate. The duration of the contract to cover the POL requirement of the procuring entity shall not exceed one (1) year, without prejudice to the applicability of any guidelines that may govern multi-year contracts.</p>	<p>These guidelines shall be applicable in cases of bulk procurement of POL by the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units where POL procurement is a major requirement in their operations. For this purpose, procuring entities intending to use these guidelines for their POL procurement shall notify the Government Procurement Policy Board (GPPB) in writing.</p> <p>POL requirements shall be considered major if the use of the same are necessary in the primary operation of the procuring entity and in the prosecution <u>pursuit</u> of its principal mandate. The duration of the contract to cover the POL requirement of the procuring entity shall not exceed one (1) year, without prejudice to the applicability of any guidelines that may govern multi-year contracts.</p> <p><u><i>These guidelines shall likewise apply to the procurement of POL from retailers, dealers or gas stations, other than major suppliers as hereinafter defined, or from those who are engaged in the business of selling the same to the general public for ultimate consumption, and which are sold at retail pump prices.</i></u></p>
<p><i>New Provision</i></p>	<p><u>10. NECESSARY QUANTITIES OF PETROLEUM OIL & LUBRICANT</u></p> <p><u><i>10.1. For necessary quantities of petroleum fuel (gasoline, diesel, oil, and kerosene), not in bulk, to be used for official government vehicles and equipment for ultimate consumption, procuring entities may directly purchase from any reputable retailers, dealers or gas stations at retail pump price, subject to the controls on fuel purchase and consumption issued by the Commission on Audit (COA) to avoid excessive purchases.</i></u></p>

ORIGINAL	AMENDED
	<u>10.2. For necessary quantities of Oil and Lubricant products, not in bulk, to be used for official government vehicles and equipment for ultimate consumption, the same may be directly purchased from reputable retailers, dealers or gas stations.</u>
<i>New Provision</i>	<u>11. PROCUREMENT OF FLEET CARDS OR GAS VOUCHERS</u> <u><i>Procuring entities can continue procuring automotive fuels (by fleet cards or gas vouchers) through competitive bidding or any of the alternative methods of procurement as may be applicable under the circumstances.</i></u> <u><i>In such procurements, the ABC and resulting contract price for the purchase of fuels shall also be at retail pump price subject to the discounts and additional services offered as part of the bid.</i></u>
10.0 EFFECTIVITY These Guidelines amend GPPB Resolution No. 09-2006, dated 10 April 2006, and shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general nationwide circulation and upon filing with the University of the Philippines Law Center of three (3) certified copies.	<u>12.0 EFFECTIVITY</u> These Guidelines amend <u>GPPB Resolution No. 11-2007, dated 31 May 2007</u> , and shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general nationwide circulation and upon filing with the University of the Philippines Law Center of three (3) certified copies.