

VOLUME I

GUIDELINES ON THE ESTABLISHMENT OF PROCUREMENT SYSTEMS AND ORGANIZATIONS IN THE DPWH

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ACRONYMS AND ABBREVIATIONS

- ABC** – Approved Budget for the Contract
- ABM** – Agency Budget Matrix
- APP** – Annual Procurement Plan
- BAC** – Bids and Awards Committee
- COA** – Commission on Audit
- CCASR** – Contractor’s Confidential Application Statement for Registration
- CRC** – Contractor’s Registration Certificate
- CSC** – Civil Service Commission
- DBM** – Department of Budget and Management
- DBM-PS** – Department of Budget and Management-Procurement Service
- DPWH** – Department of Public Works and Highways
- E.O.** – Executive Order
- GAA** – General Appropriations Act
- G-EPS** – Government Electronic Procurement System
- GPM** – Generic Procurement Manual
- GPPB** – Government Procurement Policy Board
- GPPB-TSO** – Government Procurement Policy Board-Technical Support Office
- GPRA** – Government Procurement Reform Act
- IAEB** – Invitation to Apply for Eligibility and to Bid
- IRR-A** – Implementing Rules and Regulations Part A of R.A. 9184
- IU** – Implementing Unit
- LCB** – Lowest Calculated Bid
- LCRB** – Lowest Calculated and Responsive Bid
- LOI** – Letter of Intent for Eligibility
- NGO** – Non-government Organization
- PA** – Professional Association
- PBDs** – Philippine Bidding Documents
- PMO** – Project Management Office
- PPA** – Programs, Projects, Activities
- PPMP** – Project Procurement Management Plan
- PWI** – Procurement Watch, Incorporated
- R.A.** – Republic Act
- SARO** – Special Allotment Release Order
- SBDs** – Standard Bidding Documents of the DPWH
- SOW** – Scope of Work

TOR – Terms of Reference

TS – Technical Specifications

TWG – Technical Working Group

WFP – Work and Financial Plan

SECTION 1

GENERAL PROVISIONS

1.1 LEGAL BASIS FOR THE PROCUREMENT MANUAL

1.1.1 LEGAL REFERENCE

Section 6 of the Implementing Rules and Regulations Part A of Republic Act (R.A.) 9184 provides the legal basis for the Generic Procurement Manual (GPM) and, by extension, the specific Procurement Manual for the Department of Public Works and Highways (DPWH) based on the GPM.

1.1.2 POLICIES AND GUIDELINES

The GPM was developed pursuant to **Section 6 of R.A. 9184**, otherwise known as the Government Procurement Reform Act (GPRA). The Section provides for the development of generic procurement manuals and standard bidding forms that, once issued, must be used by all Procuring Entities.

To suit the particular needs of the DPWH, the GPM has been customized to produce this DPWH Procurement Manual (DPM). Like the GPM, this DPM aims to standardize the procurement process, thereby preventing confusion, ensuring transparency, and enabling the DPWH to conform to the principles that govern all government procurement activities.

The DPWH will review this DPM periodically and, whenever necessary, revise it to ensure its applicability to existing conditions. Specific revisions to the DPM are subject to the approval of the DPWH Secretary and must be consistent with existing procurement laws, rules, regulations, and policies, including the GPM.

1.2 **COVERAGE, SCOPE AND APPLICATION**

1.2.1 **LEGAL REFERENCE**

IRR-A Sections 1, 4, and 5 provide the legal reference for the coverage, scope and application of the Generic Procurement Manual (GPM), and by extension, the DPWH Procurement Manual (DPM) based on the GPM.

1.2.2 **POLICIES AND GUIDELINES**

1.2.2.1 **Coverage**

This DPM must be used for all procurement activities of the DPWH which are locally-funded, i.e., financed by the Government of the Philippines

The DPM shall apply to the entire DPWH organization, including its component units, as follows:

- a. Central Office, with its Bureaus, Services, Project Management Offices, and other units.
- b. Regional Offices
- c. District Engineering Offices
- d. Other organizational units of the DPWH

1.2.2.2 **Application**

This DPM shall apply to the procurement of the following:

- a. Goods, using Volume II of the DPM
- b. Infrastructure Projects, using Volume III of the DPM
- c. Consulting Services, using Volume IV of the DPM

This Manual shall be used hand-in-hand with the DPWH Standard Forms and the DPWH Standard Bidding Documents (SBDs) which were adapted from the Philippine Bidding Documents (PBDs) prescribed by the Government Procurement Policy Board (GPPB).

The DPM shall apply to goods, infrastructure, and consulting services directly funded, procured and implemented by the DPWH. It shall also apply to those funded by other government departments and agencies but procured and implemented by the DPWH in accordance with the provisions of law or inter-agency agreements. The latter includes the procurement of road maintenance works funded by the Road Board under the Motor Vehicle User's Charge Act (R.A. 8794), school building projects under the Department of Education budget, and farm-to-market road projects funded by the Department of Agriculture and Department of Agrarian Reform, among others.

1.3 PRINCIPLES OF GOVERNMENT PROCUREMENT

1.3.1 LEGAL REFERENCE

IRR-A Section 3 provides the legal reference for the principles of government procurement.

1.3.2 POLICIES AND GUIDELINES

Procurement by the DPWH shall be governed by the following principles:

1.3.2.1 Transparency

The entire procurement process must be transparent. Procuring entities of the DPWH must ensure the widest dissemination of bid opportunities and the participation of pertinent non-government organizations (NGOs). Towards this end, posting in the DPWH website and in the Government Electronic Procurement System (G-EPS) website shall be done for all procurements, and Observers coming from eligible and qualified professional associations (PAs) and non-government organizations (NGOs) will be invited to observe all stages of the procurement process. Each procurement transaction must be properly documented and the records must be maintained and made available to proper parties.

1.3.2.2 Competitiveness

Procurement in the DPWH must be competitive and, as a rule, be conducted through public bidding, except as otherwise provided for under the GPRA, its IRR-A and this Manual. A competitive bidding process treats bidders equitably and provides fair grounds for competition among themselves, thereby ensuring that no single bidder significantly influences the outcome of the bidding. Competition among proponents will urge them to offer lower prices and more beneficial terms to the government than where only one or a few bidders participate. Hence, the alternative methods of procurement shall be resorted to only when competitive bidding is not a feasible option, in accordance with the conditions laid down in RA 9184, its IRR-A and this Manual.

1.3.2.3 Streamlining and Use of Technology in procurement

A streamlined procurement process that will uniformly apply to all DPWH procurement must be adopted. The procurement process must be simple and made adaptable to advances in modern technology in order to ensure an effective and efficient method. The DPWH and the GPPB shall conduct a periodic review of government procurement procedures, and whenever necessary, formulate and implement changes thereto.

1.3.2.4 Accountability

A system of accountability must be established. Thus, both the public officials directly or indirectly involved in the procurement process and in the implementation of procurement contracts, and the private parties that deal with government are, when warranted by circumstances, to be investigated and held liable for their actions. The Heads of the Procuring Entities are responsible for establishing and maintaining a transparent, effective, and efficient procurement system in their

respective entities. The responsibilities of each official involved in the procurement process must be clear and legally identifiable.

1.3.2.5 Public Monitoring

Public monitoring of the procurement process and the implementation of awarded contracts are provided for in R.A. 9184. This is to guarantee that these contracts are awarded pursuant to the provisions of the R.A. 9184 and its IRR-A, and that all these contracts are performed strictly according to specifications. A system of reporting to the GPPB is provided for, while qualified Civil Society Organizations such as NGOs, PAs, academic institutions, and religious groups are allowed to observe and monitor the procurement process and contract implementation.

SECTION 2

PROCUREMENT ORGANIZATIONS

2.1 ORGANIZATIONAL STRUCTURE

2.1.1 LEGAL REFERENCE

IRR-A Sections 5(q), 11, 13, and 14 provide the legal reference for the organizational structure.

2.1.2 POLICIES AND GUIDELINES

2.1.2.1 Procuring Entity and Procurement Unit/Office

a. Procuring Entity

The Procuring Entity of the DPWH may be the Central Office, or, within the limits of its delegated authority, the Regional Office or the District Engineering Office. Presently, the District Engineering Office is authorized to undertake the procurement of infrastructure contracts with a cost, i.e., an Approved Budget for the Contract (ABC), of up to P15 million, and the Regional Office is authorized to undertake the procurement of contracts with an ABC of more than P15 million up to P30 million. The Central Office undertakes the procurement of contracts with an ABC of more than P30 million.

b. Procurement Unit and BAC Secretariat

The Head of the Procuring Entity must create or designate an existing organic office that will serve as its Procurement Unit, which will also serve as the Bids and Awards Committee (BAC) Secretariat. The purpose for the dual function of this Office is to ensure continuity as well as professionalization of the procurement function.

The term "Procurement Unit" shall refer to the organic office of the Procuring Entity that carries out the procurement function.

In the DPWH Central Office, this unit will be organized as a "Bureau of Procurement." In the Regional Office, the unit will be organized as a "Procurement Staff" attached to the Office of the Regional Director. In the District Office, it will be organized as a "Procurement Staff" attached to the Office of the District Engineer. The size of the Procurement Unit and the number of personnel are dictated by the volume of transactions done by and the level of expertise required from it.

The Head of the Procuring Entity shall consider the following factors, among others, in selecting the personnel who will be assigned to the Procurement Unit:

- i. Integrity
- ii. Procurement proficiency, as shown by experience and training attended
- iii. Satisfactory completion of a certification program conducted by the GPPB-Technical Support Office (GPPB-TSO) or its accredited institutions, if any
- iv. Appropriate Civil Service qualification standards
- v. Appropriate rank of the head of the Procurement Unit, which should be:
 - at least a fifth ranking permanent employee in the Central Office, or
 - at least a third ranking permanent employee in the Regional and District Offices.

In designating members of the Procurement Unit and the BAC Secretariat, the Head of the Procuring Entity must ensure that check and balance is maintained, and procurement personnel are not given other assignments that may conflict with such designation.

The positions in the Procurement Unit and the BAC Secretariat shall be filled up using the "scrap and build" scheme, i.e., reclassification or transfer of filled itemized positions, or abolition of vacant itemized positions and reclassification of these positions into the above positions. If the latter scheme is adopted, the equivalent budget requirement for Personal Services should not exceed the amount generated from the abolition of vacant positions.

The Head of the Procuring Entity shall ensure that the Procurement Unit will have a sufficient number of personnel who will provide secretariat support to the BAC and perform the other functions of the Procurement Unit, as provided in this Manual. The Unit shall be strengthened through continuing procurement training and education of the staff and deployment of additional personnel, if necessary.

Figure 1 shows the organization of the proposed Bureau of Procurement in the Central Office.

2.1.2.2 Bids and Awards Committee

Because of its decentralized operations and heavy procurement workload, in terms of number, cost, and complexity of procurement transactions, the DPWH has 191 BACs, distributed as follows:

- a. Central Office
 - One (1) BAC for Infrastructure or Civil Works, foreign-assisted and locally-funded
 - One (1) BAC for Consulting Services, foreign-assisted and locally-funded
 - One (1) BAC for Goods, foreign-assisted and locally-funded
- b. Regional Office
 - One (1) BAC for Infrastructure (Civil Works), Goods, and Services per Region x 16 Regions = 16 BACs.
- c. District Office
 - One (1) BAC for Infrastructure (Civil Works), Goods, and Services per District Office x 172 District Offices = 172 BACs.

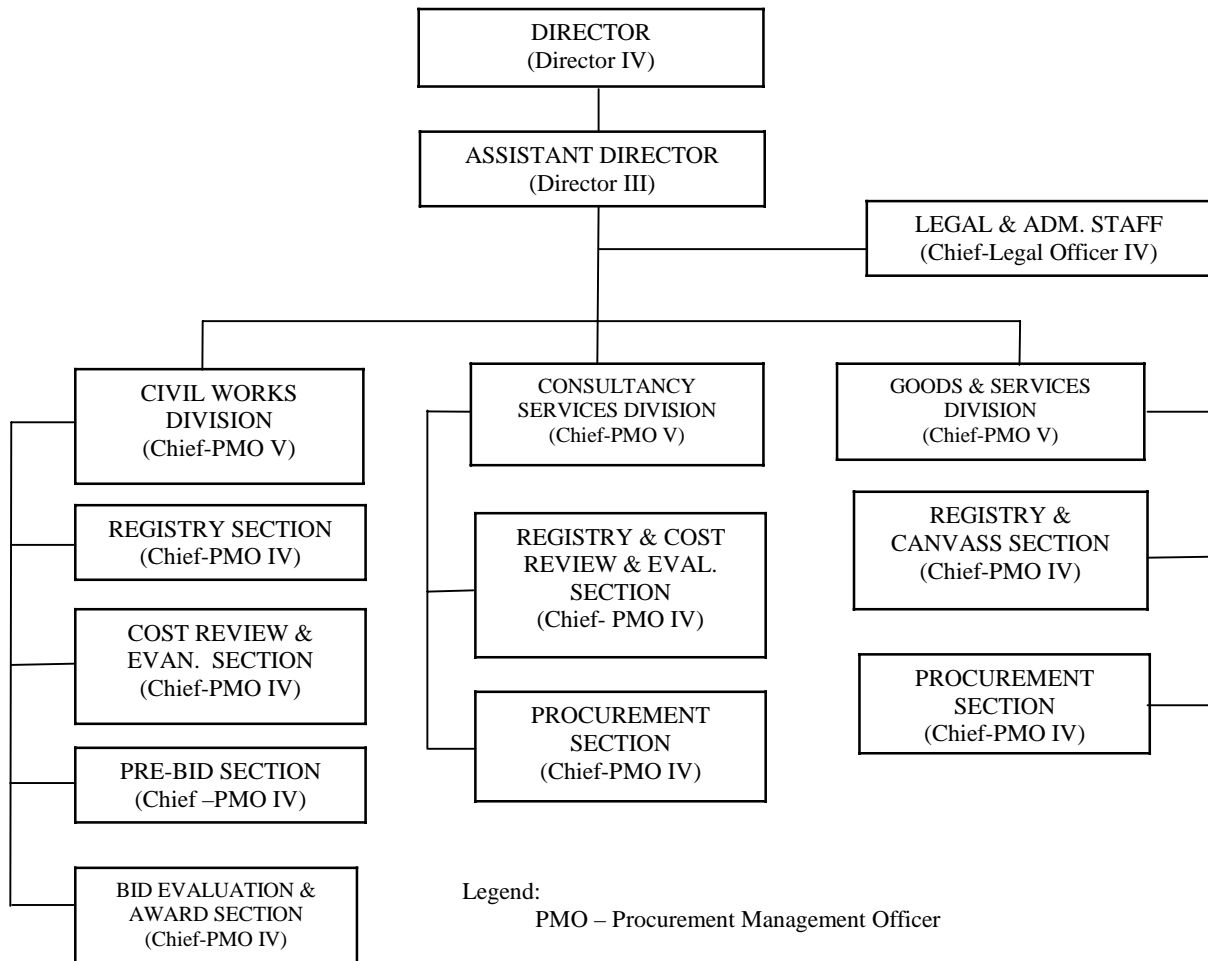
2.1.2.3 BAC Members

a. Central Office

The DPWH Secretary shall designate the Members of the Bids and Awards Committee (BAC) in accordance with the following rules:

- i. The Central Office BAC for Infrastructure (Civil Works) must consist of at least five (5) but not more than seven (7) members. Of the five (5) members, three (3) must be regular members, and two (2) must be provisional members. Should the DPWH Secretary desire to create a seven-member BAC, he may designate two (2) additional regular

PROPOSED ORGANIZATIONAL CHART BUREAU OF PROCUREMENT



members, or two (2) additional provisional members, or one (1) additional regular member and one (1) additional provisional member.

The regular members are the following:

- The Undersecretary in charge of Operations as the Chairman.
- The Assistant Secretary or Director in charge of the Legal Service.
- The Assistant Secretary or Director in charge of the Bureau of Design or the Bureau of Research and Standards.

The provisional members are the following:

- The Director of the Bureau of Construction if the procurement involves construction works, or the Director of Bureau of Maintenance if it involves maintenance works.
- The Director of the Implementing Unit (IU), i.e., Project Management Office (PMO) or another office, concerned with the procurement at hand.

Provisional members will only participate in the deliberations of the BAC for procurements over which they have a direct interest.

- ii. The DPWH Secretary may designate the Vice-Chairman from the remaining regular members.
- iii. The BAC members must be designated for a term of one year only, reckoned from the date of designation. However, the DPWH Secretary may renew such designation at his discretion. Appointment to the BAC is a designation, in addition to the regular duties of the subject official, and is not an appointment contemplated under the Civil Service rules. In accordance with the thrust to professionalize the procurement organization, Heads of Procuring Entities are encouraged to re-appoint BAC members who have shown efficiency and probity in the performance of their duties.
- iv. In case of resignation, retirement, separation, transfer, re-assignment, or removal of a BAC member, the DPWH Secretary may designate a replacement, who shall be similarly qualified as the official replaced, and shall have the required ranking as provided for in R.A. 9184 and its IRR-A. The replacement shall serve for the unexpired term. In case of leave or suspension, the replacement shall serve only for the duration of the leave or suspension.
- v. The DPWH Secretary may suspend or remove a member of the BAC for justifiable causes, including, but not limited to, violations of the provisions of the R.A. 9184 or its IRR-A.
- vi. The following officers of the Procuring Entity are disqualified from membership in the Central Office BAC for Infrastructure:
 - The DPWH Secretary.
 - The official who approves procurement transactions.
 - The Director of the Comptrollership and Financial Management Service, the Chief of the Accounting Division, and their staff.

b. **Regional Offices:**

The Regional Director shall designate the members of the Regional Office BAC, subject to the approval of the Undersecretary in charge of Operations, in accordance with the following rules:

- i. The single BAC for Infrastructure, Goods and Services for the Regional Office must consist of at least five (5) but not more than seven (7) members. Of the five (5) members, three must be regular members, and two (2) must be provisional members. Should the Regional Director desire to create a seven-member BAC, he may designate two (2) additional regular members, or two (2) additional provisional members, or one (1) additional regular member and one (1) additional provisional member.

The regular members shall be the following:

- An Assistant Regional Director as the Chairman.
- The Legal Officer or the Chief of the Administrative Division.
- The Chief of the Planning and Design Division or the Chief of the Materials and Quality Control Division.

The provisional members shall be the following:

- The Chief of the Construction Division if the procurement at hand involves construction works; or the Chief of the Maintenance Division if the procurement involves maintenance works; or the Chief of the Administrative Division or, if already a regular member, one of his Section Chiefs, if the procurement involves goods; or the Chief of the Planning and Design Division or the Chief of the Materials and Quality Control Division, whoever is not a regular member, if the procurement involves consulting services; or the Chief of the Division or Section which is the end-user of the product/service to be procured.
 - The Chief of any of the other Divisions mentioned above who is not designated as a regular member.
- ii. The Regional Director may likewise designate the Vice-Chairman from the remaining regular members.
 - iii. The BAC members shall be designated for a term of one (1) year only, reckoned from the date of designation. However, the Regional Director may renew such designation at his discretion. Appointment to the BAC is a designation, in addition to the regular duties of the subject official, and is not an appointment contemplated under the Civil Service rules. In accordance with the thrust to professionalize the procurement organization, the Regional Director is encouraged to re-appoint BAC members who have shown efficiency and probity in the performance of their duties.
 - iv. In case of resignation, retirement, separation, transfer, re-assignment, or removal of a BAC member, the Regional Director may designate a replacement, who shall be of the same level and similarly qualified as the official replaced. The replacement shall serve for the unexpired term. In case of leave or suspension, the replacement shall serve only for the duration of the leave or suspension.

- v. The Regional Director may suspend or remove a member of the BAC for justifiable causes, including, but not limited to, violations of the provisions of the R.A. 9184 or its IRR-A.
- vi. The following officers of the Regional Office are disqualified from membership in the BAC to avoid any conflict of interest:
 - The Regional Director.
 - The official who approves procurement transactions.
 - The Chief of the Comptrollership and Financial Management Division, the Head of the Accounting Unit, and their staff, unless the said Division or Unit is the end-user unit, in which case the said Division Chief or Unit Head or his staff may be designated as a provisional member.

c. **District Offices:**

The District Engineer shall designate the members of the District Office BAC, subject to the approval of the Undersecretary in-charge of Operations, in accordance with the following rules:

- i. The single BAC for Infrastructure, Goods and Services for the District Office must consist of at least five (5) but not more than seven (7) members. Of the five (5) members, three (3) must be regular members, and the two (2) must be provisional members. Should the District Engineer desire to create a seven-member BAC, he may designate two (2) additional regular members, or two (2) additional provisional members, or one (1) additional regular member and one (1) additional provisional member.

The regular members shall be the following:

- The Assistant District Engineer as the Chairman.
- The Chief of the Administrative Section.
- The Chief of the Planning and Design Section or the Chief of the Materials and Quality Control Section.

The provisional members shall be the following:

- The Chief of the Construction Section if the procurement at hand involves construction works; or the Chief of the Maintenance Section if the procurement involves maintenance works; or the Chief of the Planning and Design Section or the Chief Materials and Quality Control Section, whoever is not a regular member, if the procurement involves consulting services; or a staff of the end-user Section if the procurement involves goods.
- The Chief of any other Section mentioned above who is not designated as a regular or provisional member.

- ii. The District Engineer shall designate the Vice-Chairman from the regular members.
- iii. The BAC members shall be designated for a term of one (1) year only, reckoned from the date of designation. However, the District Engineer may renew such designation at his discretion. Appointment to the BAC is a designation, in addition to the regular duties of the subject

official, and is not an appointment contemplated under the Civil Service rules. In accordance with the thrust to professionalize the procurement organization, the District Engineer is encouraged to re-appoint BAC members who have shown efficiency and probity in the performance of their duties.

- iv. In case of resignation, retirement, separation, transfer, re-assignment, or removal of a BAC member, the District Engineer may designate a replacement, who shall be of the same level and similarly qualified as the official replaced. The replacement shall serve for the unexpired term. In case of leave or suspension, the replacement shall serve only for the duration of the leave or suspension.
- v. The District Engineer may suspend or remove a member of the BAC for justifiable causes, including, but not limited to, violations of the provisions of the R.A. 9184 or its IRR-A.
- vi. The following officers of the District Engineering Office are disqualified from membership in the BAC to avoid any conflict of interest:
 - The District Engineer.
 - The official who approves procurement transactions.
 - The Head of the Accounting Unit and his staff, unless the Accounting Unit is the end-user unit, in which case he or his staff may be designated as a provisional member.

2.1.2.4 Technical Working Group

- a. The BAC may create a Technical Working Group (TWG) consisting of technical, financial and/or legal experts to assist in the procurement process.
- b. In creating the TWG, the BAC shall consider the expertise required based on the nature of the procurement. The TWG should have, as members, representatives of the IU or end-user unit and experts in various disciplines who can handle the different aspects of the procurement at hand, namely, the technical (e.g., design and construction), financial, legal and, in certain cases, the project management aspects. The presence of the IU/end-user representative and the above-named experts will ensure that the Bidding Documents properly reflect the requirements of the Procuring Entity, and the bids submitted will be rigorously evaluated.
- c. To effectively study the requirements and evaluate the bids submitted, the BAC may create several TWGs to handle different procurements, for example:
 - A TWG for Infrastructure Projects, whose membership shall include experts in civil works like civil engineers and architects;
 - A TWG for Information and Communications Technology (ICT) Projects, whose membership shall include experts in ICT like a computer engineer, a systems analyst, a programmer, etc.;
- d. The BAC may also create a TWG for a specific procurement, particularly if the procurement at hand is highly technical or is a major or priority project of the government, e.g., a major bridge project.

e. In highly meritorious cases, the Procuring Entity may also engage the services of consultants, in accordance with the IRR-A and Volume IV of this Manual, who will assist the TWG and the BAC on the procurement at hand. For this purpose, the Head of the Procuring Entity shall certify that the in-house staff do not have the capability or capacity to provide the required expertise. These consultants, however, shall only serve in an advisory capacity and may not vote during deliberations.

2.1.2.5 Observers

a. Purpose of Observers. To enhance the transparency of the procurement process, the BAC is required to invite Observers who may attend and observe all stages of the procurement, especially the following:

- i. Pre-Bid Conference
- ii. Eligibility screening
- iii. Opening of bids
- iv. Bid evaluation
- v. Postqualification
- vi. Contract award
- vii. Special meetings of the BAC.

b. Groups Represented by Observers. The BAC must invite three (3) Observers, who shall be the following:

- i. A COA representative
- ii. At least one observer who shall come from a duly recognized private group in a sector or discipline relevant to the procurement at hand. For example:
 - for infrastructure projects:
 - ✓ National constructors associations duly recognized by the Construction Industry Authority of the Philippines, such as the Philippine Constructors Association, Inc. and the National Constructors Association of the Philippines; or
 - ✓ The Philippine Institute of Civil Engineers
 - for goods:
 - ✓ A specific relevant chamber-member of the Philippine Chamber of Commerce and Industry.
 - for consulting services:
 - ✓ A project-related professional organization accredited by the Professional Regulation Commission or the Supreme Court, such as the Philippine Institute of Civil Engineers and the Philippine Institute of Certified Public Accountants; or
 - ✓ the Confederation of Filipino Consulting Organizations (COFILCO)
- iii. At least one observer who shall come from an NGO, e.g., Procurement Watch, Inc. (PWI) or Volunteers Against Crime and Corruption.

c. Criteria for Observers from the Private Sector. In accordance with **Section 13.2 of the IRR-A**, the Observers coming from the private sector (item iii

above) or an NGO (item iii above) should belong to an organization duly registered with the Securities and Exchange Commission. Moreover, they should meet the following criteria:

- Knowledge, experience or expertise in procurement or in the subject matter of the contract to be bid;
- Absence of direct or indirect financial interest in the contract to be bid out;
- Belonging to an organization duly accredited by the GPPB or the PWI; and
- Any other criteria that may be determined by the BAC. For example, the BAC in the District Office may require that the Observers should be based in the District to ensure their attendance during the meetings.

2.2 ROLES AND RESPONSIBILITIES

2.2.1 LEGAL REFERENCE

IRR-A Sections 12, 13 and 14 provide the legal reference for the roles and responsibilities.

2.2.2 POLICIES AND GUIDELINES

2.2.2.1 Procuring Entity and Procurement Unit

- a. Responsibilities of the Head of the Procuring Entity.** The Head of the Procuring Entity shall have the following responsibilities in the procurement process:
- i. Ensure that the Annual Procurement Plan (APP) is regularly prepared, reviewed and updated by the concerned Implementing Units (IUs) and end-user units, in accordance with the guidelines set forth herein. He must also approve the same, or delegate the approval authority to a second-ranking official. He must ensure that all procurements are in line with the APP.
 - ii. Establish the BAC and the BAC Secretariat in accordance with the guidelines previously discussed.
 - iii. Upon submission by the BAC of the recommendation for award, approve the same; or disapprove the recommendation only on the basis of valid, reasonable and justifiable grounds to be expressed in writing, and furnished to the BAC.
 - iv. Ensure that the BAC and the BAC Secretariat give utmost priority to BAC assignments over all other duties and responsibilities, until the requirements for the said assignments at hand are completed. (IRR-A Section 14.3)
 - v. Ensure that the staff of the Procurement Unit/Office and the members of the BAC, BAC Secretariat and TWG are given ample training on procurement and related matters, with the end in view of professionalizing the procurement organization of the Procuring Entity.
 - vi. Impose the necessary administrative sanctions on errant members of the BAC Secretariat/BAC/TWG, in accordance with Section 69 of the IRR-A.
 - vii. Ensure that the members of the BAC and the TWG shall receive their incentives.
 - viii. Ensure that specific contracts are approved within the provided time frame, that is, within three (3) calendar days if the Procuring Entity is a District Office, five (5) calendar days if the Procuring Entity is a Regional Office, and ten (10) calendar days if the Procuring Entity is the Central Office, from receipt of the transmittal to his office; otherwise, such contracts, if not acted upon within this period, shall be deemed approved.
- b. Responsibilities of Procurement Unit and BAC Secretariat.** The Procurement Unit of each Procuring Entity shall have the following responsibilities:

- i. Act as the BAC Secretariat. As such, it shall have the following responsibilities:
 - Act as the main support unit of the BAC.
 - Provide administrative support to the BAC and the TWG, if necessary.
 - Organize and make all necessary arrangements for the BAC meetings as well as TWG meetings, if necessary.
 - Attend BAC meetings as Secretary.
 - Prepare Minutes of the BAC meetings.
 - Take custody of procurement documents and be responsible for the sale and distribution of bidding documents. The BAC Secretariat shall ensure that all procurements undertaken by the Procuring Entity are properly documented, to provide an audit trail of the procurement process.
 - Assist in managing the procurement process.
 - Monitor procurement activities and milestones for proper reporting to relevant agencies and/or end-users, when required.
 - Be the central depository of all procurement related information and continually update itself with the most current GPPB and DPWH resolutions, orders, issuances, circulars and events, and downstream the same to all relevant parties requiring information. All information released by the GPPB and the DPWH Secretary can be secured electronically from www.gppb.gov.ph, and www.dpwh.gov.ph, respectively.
 - Prepare the APP from the consolidated PPMPs submitted by the various Project Management Offices (PMOs) and end-user units of the Procuring Entity, to make them available for review as indicated in Section 7 of the IRR-A.
 - Make arrangements for the Pre-Procurement and Pre-Bid Conferences and bid openings.
 - Act as the central channel of communications for the BAC with the end-users, PMOs/IUs, other units of the DPWH, other government agencies, providers of goods, civil works and consulting services, and the general public.
 - Assist the BAC in preparing drafts of BAC resolutions.
 - Provide utmost priority to BAC assignments over all other duties and responsibilities, until the requirements for the procurement at hand are completed, and perform jury duty when so required.
- ii. Based on inputs from the BAC and the TWG, prepare the procurement documents, i.e., contracts, purchase orders, job orders, and their attachments, for processing by the Budget, Accounting, Legal and Finance Offices, and route them to the signing and approving authorities; monitor the status of the procurements routed for approval, and cause the correction of any deficiencies in the said procurement documents to facilitate action on the part of the approving authorities.
- iii. Create, maintain and update a Registry of contractors, consultants, and suppliers.

- iv. Create, maintain and update a price monitoring list for the Procuring Entity.
- v. Manage and undertake procurements using the alternative methods of repeat order and shopping upon prior resolution of the BAC and approval by the Head of the Procuring Entity.
- vi. Administer the EPS, as the counterpart of the service provider, if the Procuring Entity has outsourced the EPS for non-common use items. Depending on the Service Level Agreement covering the contract, such administration may be limited to registration of suppliers and other users, assigning access levels, and updating of data.
- vii. Transact with the G-EPS and DBM-PS in behalf of the Procuring Entity.

The Procurement Bureau shall integrate the reports of all DPWH BACs required by the GPPB and serve as the coordinating office of the DPWH on procurement matters.

2.2.2.2 BAC

a. Responsibilities of BAC. The following shall be the responsibilities of the BAC:

- Recommend to the Head of the Procuring Entity the method of procurement of the infrastructure projects, services, and goods included in the Annual Procurement Plan, i.e., whether to use public bidding or any of the alternative methods of procurement.
- Create a TWG, if necessary, from a pool of technical, financial and/or legal experts to assist in the procurement process.
- Undertake the advertisement and/or posting of the Invitation to Apply for Eligibility and to Bid.
- Conduct Pre-Procurement and Pre-Bid Conferences.
- Determine the eligibility of prospective bidders in accordance with the guidelines set forth in RA 9184, its IRR-A, and this Manual.
- Exercise authority to receive and open bids.
- Conduct the evaluation of bids with the assistance of the TWG.
- Undertake postqualification proceedings, with the assistance of the TWG.
- Invite the Observers required by law to be present during all stages of the procurement process, in accordance with the guidelines stipulated in RA 9184, its IRR-A and this Manual.
- Furnish the Observers, upon the latter's request, with the following documents:
 - ✓ Minutes of related proceedings of BAC meetings.
 - ✓ Name of contractors that (a) had their LOIs received, (b) withdrew their LOIs, (c) had their LOIs processed, (d) were declared eligible, and (e) submitted bids.
 - ✓ Abstract of Bids.
 - ✓ Postqualification Report.
 - ✓ APP and related PPMP.

- ✓ Copies of opened proposals.
- Resolve motions for reconsideration filed by prospective bidders and other concerned parties with respect to the conduct of the bidding process.
- Recommend award of contracts to the Head of the Procuring Entity.
- Recommend the imposition of sanctions in accordance with Rule XXIII of the IRR-A.
- Prepare a procurement monitoring report that shall be approved and submitted by the Head of the Procuring Entity to the DPWH Secretary and the GPPB on a semestral basis or whenever required.
- For each procurement transaction, accomplish a checklist showing its compliance with R.A. 9184, its IRR-A and this Manual. This will be submitted to the Head of the Procuring Entity and made a part of the transaction record.
- Conduct due diligence review or verification of the qualifications of Observers. In performing this due diligence review or verification, the BAC shall require the organization nominating the Observers to submit their Curriculum Vitae and proof of their technical expertise and procurement proficiency. The certifications/documents showing technical expertise and procurement proficiency should be issued and authenticated by appropriate bodies. Verification may be done by the BAC with the bodies that issued the same.
- Give utmost priority to BAC assignments over all other duties and responsibilities, until the requirements for the procurement at hand are completed, and shall perform jury duty when so required.
- Perform such other related functions as may be necessary to the procurement process.

All BAC decisions shall be embodied in resolutions signed by at least the majority of the members, including the Chairman, thereof.

b. Quorum

The majority (i.e., more than one-half of the members) of the BAC members shall constitute a quorum, but the Chairman or the Vice-Chairman should be present in all meetings and deliberations. The Chairman or, in his absence, the Vice-Chairman shall preside over the meetings. The Presiding Officer shall vote only in case of a tie.

2.2.2.3 TWG

Responsibilities of TWG. The TWG shall provide assistance to the BAC in terms of the technical, financial, legal and other aspects of the procurement at hand. It shall have the following responsibilities:

- a. Assist the BAC in the preparation of the Bidding Documents, ensuring that the same properly reflect the requirements of the Procuring Entity and that these conform to the standards set forth by RA 9184, its IRR-A and the DPWH Standard Bidding Documents prescribed in Volume III of the DPM.
- b. Assist the BAC in the conduct of eligibility screening of prospective bidders, including sub-contracting, and in the short-listing of prospective bidders in case of biddings for consulting services.

- c. Assist the BAC in the evaluation of bids and prepare the accompanying reports for the consideration and approval of the BAC.
- d. Assist the BAC in the conduct of postqualification activities and prepare the postqualification summary report for the approval of the BAC.
- e. Assist the BAC and BAC Secretariat in preparing the resolution recommending award, with regard to the technical aspects, if necessary.
- f. Provide utmost priority to BAC assignments over all other duties and responsibilities, until the requirements for the procurement at hand are completed, and shall perform jury duty when so required.

2.2.2.4 Observers

Responsibilities of Observers. The participation of Observers ensures the transparency of the procurement process. They represent the public, the taxpayers who are interested in seeing to it that procurement laws are observed and irregularities are averted. Each Observer shall have the following responsibilities:

- a. Prepare a Procurement Observation Report either individually or jointly with other Observers, indicating his observations made on the bidding activity conducted by the BAC. In the said report, he shall indicate:
 - i. an assessment of the extent of compliance of the BAC with the substantive and procedural requirements of R.A. 9184, its IRR-A and this Manual; and
 - ii. the areas requiring improvement in the proceedings of the BAC.

In instances where the Observer notes substantive or procedural irregularities in the procurement at hand, his Procurement Observation Report shall provide the details of the alleged irregularities.

- b. Submit the Procurement Observation Report to the Head of the Procuring Entity, copy furnished the BAC Chairman, who shall forward it to the BAC Secretariat for inclusion in the procurement documents that will be submitted to the proper authorities for approval. This will be part of the official record of the bidding, and part of the audit trail. The Observer may also give a copy of the Report to the Office of the Ombudsman or the Resident Ombudsman and the COA Auditor of the Procuring Entity in any of the following instances:
 - i. When the BAC has failed to follow the prescribed bidding procedures; or
 - ii. For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the Government as defined in Section 41.1 (c) of the IRR-A of R.A. 9184.
- c. For the purpose of preparing the report, request as needed copies of the following documents from the BAC, which shall be promptly provide the same to the Observer:
 - i. Minutes of related proceedings of BAC meetings
 - ii. Name of contractors that (a) had their LOIs received, (b) withdrew their LOIs, (c) had their LOIs processed, (d) were found eligible, and (e) submitted bids.
 - iii. Abstract of Bids
 - iv. Postqualification Report

- v. Annual Procurement Plan (APP) and related Project Procurement Management Plan (PPMP); and
 - vi. Copies of opened proposals
- d. Sign as witness in the Abstract of Bids if, in his independent observation, the bidding process was conducted in accordance with the procedures described in the IRR-A of R.A. 9184 and this Manual. If the BAC failed to correctly observe the proper procedure, the Observer must sign the Abstract of Bids, and must indicate in his Procurement Observation Report the procedural and/or substantive lapses of the BAC. This will enable the approving authority to be apprised of any irregularities in the bidding process, for his appropriate action.
- e. Sign as witness in the Postqualification Report if, in his independent observation, the BAC followed the procedure described in the IRR-A of R.A. 9184 and this Manual, and the Observer is amenable to the results of the postqualification. If the Observer finds the postqualification procedures irregular or the Report does not match the actual findings, he shall so state in a written dissent addressed to the BAC Chairman, and the same shall be attached to the Postqualification Report submitted to the approving authority. The Observer's written dissent will be part of the official record of the procurement.

The above described irregularities observed during the procurement process shall not delay the procurement bid, but should be resolved before contract award.

2.3 CONDITIONS FOR GRANTING HONORARIA

2.3.1 LEGAL REFERENCE

IRR-A Section 15 provides the legal reference for the conditions for granting honoraria.

2.3.2 POLICIES AND GUIDELINES

The Procuring Entity is authorized to grant honoraria to the members of the BAC and the TWG, provided that:

- a. the average monthly honorarium over one year granted a BAC/TWG member does not exceed twenty-five percent (25%) of his basic monthly salary;
- b. funds are available for the purpose; and
- c. the grant of honoraria conforms to the guidelines promulgated by the Department of Budget and Management (DBM) under its Budget Circular No. 2004-5 (dated 23 March 2004).

2.4 PROFESSIONALIZATION OF PROCUREMENT UNITS, BAC, TWG

2.4.1 LEGAL REFERENCE

IRR-A Section 16 provides the legal reference for the professionalization of procurement units, the BAC and the TWG.

2.4.2 POLICIES AND GUIDELINES

The GPPB, through its Technical Support Office, has established, in cooperation with qualified organizations and institutions, a sustained training program to develop the capability of the BACs, BAC Secretariats, TWGs and the Procurement Units of the Procuring Entities, and professionalize the same. The professionalization program of the GPPB will address the continuing education needed to enhance the capacity and career path of procurement officers in government, including the development of plantilla positions for procurement officers.

It is the responsibility of the Head of each DPWH Procuring Entity to ensure that all of its officials and employees involved in the procurement process will avail themselves of the procurement training conducted by the GPPB and other GPPB accredited bodies offering the different modules on procurement-related training. (See www.gppb.gov.ph for details) The DPWH will also develop and implement its own in-house training programs in accordance with the guidelines and standards prescribed by the GPPB-TSO. For this purpose, the DPWH will include provisions for such training in its annual budget proposals submitted to the DBM and Congress.

Moreover, the Head of the Procuring Entity must regularly monitor the work quality of its procurement organization, through a review of the procurement monitoring reports regularly submitted by the BAC as mentioned in Section 2.2, Volume I of this Manual. He may conduct management meetings for this purpose.

In line with the standardization of the procurement procedures and the thrust towards strengthening the procurement function to increase operational efficiency and effectiveness, the DPWH aims to unify and standardize all procurement activities of the Department, whether locally-funded or foreign-assisted, and whether pertaining to goods, infrastructure projects or consulting services.

SECTION 3

PROCUREMENT PLANNING

3.1 PROCUREMENT PLANNING-PROCUREMENT PLANNING AND BUDGET LINKAGE

3.1.1 LEGAL REFERENCE

IRR-A Section 7 provides the legal reference for procurement planning and budget linkage.

3.1.2 POLICIES AND GUIDELINES

Planning is the “act or process of making or carrying out plans; specifically: the establishment of goals, policies, and procedures for a social or economic unit” (Merriam-Webster’s Collegiate Dictionary, 2001). Plans could be short-term, medium-term, or long-term. They could be small-scale or large-scale. But in all cases, a plan involves resource allocation and scheduling. This is particularly true for procurement planning, which is a critical component of the budget of the Procuring Entity.

Every year, upon issuance of the Budget Call by the DBM by around March, the DPWH, including its Procuring Entities shall prepare the Agency Budget Proposal for the succeeding calendar year, taking into consideration the budget framework and expenditures ceilings for that year. At this stage, the IUs/end-user units of the DPWH shall prepare their respective Work and Financial Plans (WFP) for their different programs, projects and activities (PPA), using forms provided by the DBM as annexes to the Budget Call.

The DPWH Budget Proposal embodies the agency thrusts and the resources needed to produce the key services it delivers to the public. Procurement planning should be done within this budgetary context, reflecting the priorities and objectives of the Procuring Entity for the budget period. Procurement Planning, therefore, involves two levels: (a) the over-all strategic plan of the Procuring Entity and (b) the project and/or operational plans that contain the details of the manner in which the strategic plan will be carried out. In the context of budget preparation, the project and/or operational plans are reflected in the WFP for each PPA. The WFP contains the initial list of projects/requirements of each PMO/end-user unit and corresponding estimated budgetary requirement. The WFP shall be submitted by the IUs/end-user units to the Head of the Procuring Entity, through its Budget Officer, in or about May of each year, to coincide with the submission of their respective budget proposals. The Head of the Procuring Entity shall evaluate these WFPs and, if warranted, include them in the Budget Proposal of the Procuring Entity. All of these Budget Proposals shall be consolidated, firstly by District, then by Region, and finally for the entire Department to come up, by 30 June, with the DPWH Budget Proposal, which is subject to the approval of the DPWH Secretary. The DPWH Secretary will then transmit the DPWH Budget Proposal to the DBM. The WFPs will support the Budget Proposal submitted to the DBM.

As soon as the DBM approves the DPWH Budget Proposal, the DBM will include it in the National Expenditure Program which is submitted by the President to the Congress, usually by early August, to serve as the basis for the General Appropriations Act (GAA) for the coming year.

3.1.3 OVERALL PROCEDURES FOR PREPARING PPMPs AND APPs

Based on the DPWH Budget Proposal as submitted to the DBM, each IU/end-user concerned shall prepare by 1 August its Preliminary PPMP, and submit this to the BAC concerned, through its Secretariat. The District BAC shall consolidate the

Preliminary PPMPs into the Preliminary APP for the District, and submit these to the District Engineer for approval. All District Engineers shall then transmit, not later than 30 August, their approved APPs to the Regional BAC, through its Secretariat, for consolidation together with the APP for projects to be procured directly by the Region. This results in a Preliminary Regional APP to be approved by the Regional Director. The Regional Directors shall then forward, not later than 15 September, their approved Preliminary Regional APPs, to the Central BAC, through its Secretariat, for consolidation together with the APP for projects to be procured directly by the Central Office. This will produce in an overall Preliminary DPWH APP, by 30 September, which is subject to the approval of the DPWH Secretary.

Once the incoming GAA is approved, which is usually around January-February, and within fifteen (15) days from the date of issuance of the Agency Budget Matrix (ABM) and Special Allotment Release Orders (SAROs) during the first quarter of the fiscal year, the IUs/end-user units shall finalize their PPMPs to reflect the budgetary allocation for their respective PPAs as provided in the ABM/SAROs. The preparation and approval of the Final PPMPs and APPs shall follow the same procedures as that described above for the Preliminary PPMPs and APPs.

Insofar as the DPWH is concerned and in accordance with GPPB Resolution No. 011-2005, the Approved Budget for the Contract (ABC) referred to in RA 9184 and its IRR-A refers to the budget for the contract as approved by the Head of the Procuring Entity concerned, included in the approved Preliminary PPMP and APP, and contained in the DPWH Budget Proposal as reflected in the GAA or to be proposed in the succeeding GAAs. Thus, with prior clearance from the DPWH Secretary, the Procuring Entity may initiate the procurement for such a contract, starting from advertisement up to post-qualification, even before the approval of the GAA. The Procuring Entity, however, shall not award the contract until the Certificate of Availability of Funds has been issued on the basis of the ABM/SARO released under the approved GAA. However, this procedure is recommended to be adopted only for high priority projects, as contained in the proposed APP, which are necessary to be implemented immediately upon the start of the succeeding year.

The ABC included in the Preliminary PPMP and APP shall be subject to review and updating in case there is a long time lag between the approval of the ABC and the actual start of the procurement process for a contract.

3.2 PROCUREMENT PLANNING-PREPARATION OF THE PROJECT PROCUREMENT MANAGEMENT PLAN

3.2.1 LEGAL REFERENCE

IRR-A Section 7 provides the legal reference for the preparation of the Project Procurement Management Plan (PPMP).

3.2.2 POLICIES AND GUIDELINES

3.2.2.1 Project Procurement Management Plan (PPMP)

A PPMP for a particular contract deals primarily with:

- a. planning for the procurement of project requirements,
- b. procurement strategy,
- c. readiness of the procurement in terms of completion of detailed engineering, completeness of Bidding Documents (including contract conditions, specifications, drawings, etc.), inclusion in the DPWH budget, and availability of right-of-way (ROW), and
- d. schedule of procurement activities,

in an effort to obtain goods, infrastructure and services from suppliers, contractors and consultants.

The PPMP serves as a guide document in the procurement and contract implementation process, as well as a vital reference in procurement monitoring. Moreover, it serves as an important tool in resource and financial management, allowing the Procuring Entity the flexibility to optimize the use of scarce resources. Well-planned procurement will significantly minimize the practice of doing short-cuts to ensure that the Procuring Entity is able to purchase its requirements for the delivery of infrastructure and other public services.

3.2.2.2 Developing Project Requirements

The development of the project requirements should be done during the preparation of the proposed PPMP. At this stage of the procurement planning process, the IU or end-user unit must undertake the following:

- a. Identify the need of the IU/end-user unit.

What is the purpose of the procurement? What are the problems or needs that the project or procurement aims to address?

- b. Identify the alternative solutions/products/services.

What alternative solutions to the problems or needs are available in the market? What are the sources of the products or services involved? What is the profile of the supply market for them? Are they easily obtainable? What is the cost of each alternative?

The IU/end-user unit should conduct the market research at this point, and gather as much information about the goods, services or works involved. At

the end of this activity, it should know the market or the industry well enough to make an informed choice.

- c. Compare the alternatives, considering qualitative and quantitative factors.

How would the IU or end-user unit rate the various alternatives in terms of the following:

- i. Value for money

Value for money is not restricted to price alone. In addition to costs, other considerations are non-cost factors like suitability to the purpose and quality, among others. In comparing costs, all relevant costs shall be considered, e.g., construction or acquisition costs, life-cycle costs (including operating and maintenance costs for infrastructure and goods, spare parts, etc.). Value engineering shall be undertaken for every infrastructure project costing at least P15 million.

- ii. Risk assessment and management

Some risks that may be identified are the obsolescence of equipment, the availability of support services, and the capacity of contractors to implement the project, among others. It is recommended, especially for high-technology, complex, or high value procurement, that the PMO/IU/end-user unit identifies the risks involved and come up with its own risk management plan.

- iii. Government policies that have an impact on the project or procurement

Are there any restrictions on the procurement contemplated? What relevant government policies should be considered in determining the works, goods or services that will be procured?

- iv. Other relevant factors that may be identified by the PMO or end-user unit.

- d. Choose from among the alternatives the one that is most beneficial to the Procuring Entity, and make the necessary recommendation to the approving authority.

In developing the project requirements and Technical Specifications (TS)/Scope of Work (SOW)/Terms of Reference (TOR), the Procuring Entity may engage the services of technical experts, whether in-house or consultants, to ensure that the requirements and the TS/SOW/TOR are adequate to achieve the objectives of the particular procurement.

3.2.2.3 Writing Technical Specifications, Scope of Work and Terms of Reference

The TS for Goods, or SOW for Infrastructure Projects, or TOR for Consulting Services comprise the document that provides the detailed description of the deliverables of the Supplier, Contractor or Consultant.

The TS, SOW and TOR are discussed in detail in Volumes II, III and IV, respectively, of this Manual. The following guidelines are considered helpful in writing the TS/SOW/TOR:

- a. Quality assurance actually starts at this stage of the procurement cycle, considering that the deliverables are decided at this time. It is, therefore, important that all stakeholders are consulted, and the actual requirements of the IU/end-user unit are determined and put in writing.
- b. If the procurement is complex, highly technical, or high value, and the Procuring Entity does not have sufficient technical proficiency, the Procuring Entity may engage the services of technical experts who will serve as consultants in the preparation of the TS/SOW/TOR. In engaging these consultants, the Procuring Entity shall follow the procedures laid down in Volume IV of this Manual. Care should be taken that possible conflict of interest is avoided, that is, the consultants engaged should not be connected with the prospective bidders/contractors, and are barred from being engaged by the latter for any purpose related to the procurement at hand.
- c. The description should be generic and flexible, not product-specific or seemingly tailored for a particular brand, product, contractor or consultant, unless the procurement involves products or services that have intellectual property rights attached to it, or are exclusively offered by a single source, and there are no suitable substitute products or services.
- d. The description should be clear and unambiguous, to avoid confusion and to facilitate the evaluation process. The TS/SOW/TOR is also the basis of the evaluation or, when applicable, the testing parameters.
- e. Considering that planning is done sometime before actual procurement and much earlier than the date of actual delivery or project implementation, changes in technology or changes in the concerned industry or field of expertise should already be taken into account in writing the TS/SOW/TOR. This will allow the Procuring Entity to procure the latest applicable products and/or services available in the market.

3.2.2.4 Determining the Approved Budget for the Contract (ABC)

The ABC refers to the budget for the contract duly approved by the DPWH Head of the Procuring Entity which is contained in the DPWH Budget Proposal as reflected in the existing or proposed GAA (in accordance with GPPB Resolution No. 011-2005).

The determination of the ABC for Goods, Infrastructure Projects and Consulting Services is discussed in Volumes II,III and IV, respectively.

3.2.2.5 Procurement Milestones

The PPMP, like any plan, is not complete without including therein the schedule of significant activities. The procurement milestones referred to are the following: Pre-Procurement Conference (if required or necessary), publication and/or posting of the IAEB, receipt of LOI for Eligibility from DPWH registered contractors, receipt of bids from eligible bidders, bid evaluation, postqualification, issuance of notice of award, Contract signing and approval, and issuance of Notice to Proceed. For details on the specific activities for each type of procurement, please refer to Volume II of

this Manual for Goods, Volume III for Infrastructure Projects, and Volume IV for Consulting Services. Each of these significant activities should be scheduled so as to provide the IU/end-user unit with a guide for each procurement undertaken by the Procuring Entity. This will ensure that logistical support and other requirements of the Procuring Entity are promptly addressed, thereby contributing to more efficient and effective delivery of public service.

For easy reference, the Procuring Entity shall indicate the procurement milestones in a bar chart similar to that shown in **Figure 2** under Section 4 (General Procurement Activities and Timelines) of Volume I for a typical infrastructure project costing up to P25 million.

3.2.2.6 Method of Procurement

As a general rule, all procurement shall be undertaken through public bidding. This is the policy of the State as laid down in R.A. 9184. However, the law recognizes that certain unique circumstances require the use of other methods of procurement. The selection of the method of procurement depends on the presence or absence of specific conditions that justify the use of a particular method (e.g., if a product is patented, direct contracting is the preferred mode instead of public bidding). These are discussed in Volumes II, III and IV of the Manual, when applicable to the type of procurement.

3.2.2.7 Format of PMP

The PMP for infrastructure projects, to be prepared by the concerned PMO/IU/end-user unit using **Form DPWH-INFR-02**, shall contain the following information:

- a. Contract ID, Name and Location
- b. Brief Scope of Work
- c. Approved Budget for the Contract
- d. Readiness of the Contract for Procurement
 - (1) Completed Detailed Engineering, including Value Engineering
 - (2) Completed Bidding Documents
 - (3) Inclusion in DPWH Budget Proposal/GAA/ABM/SARO
 - (4) Availability of Right-of-Way (with at least a Permit to Enter)
- e. Contract Implementation Schedule
 - (1) Contract Duration
 - (2) Target Start Date of Contract
 - (3) Target Completion Date of Contract
- f. Proposed Procurement Method (with justification if other than public bidding)
- g. Procurement Schedule, from Pre-Procurement Conference to Notice to Proceed

3.3 **PROCUREMENT PLANNING-PREPARATION OF THE ANNUAL PROCUREMENT PLAN**

3.3.1 **LEGAL REFERENCE**

IRR-A Section 7 provides the legal reference for the preparation of the Annual Procurement Plan (APP).

3.3.2 **POLICIES AND GUIDELINES**

3.3.2.1 **Annual Procurement Plan**

The APP is the document that consolidates the various Project Procurement Management Plans or PPMPs submitted by the various IUs and end-user units within the Procuring Entity. It reflects the entirety of the procurement activities that will be undertaken by the Procuring Entity within the calendar year.

The BAC, through the BAC Secretariat, shall prepare the Preliminary APP, using **Form DPWH-INFR-03**, upon submission by the PMOs/IUs and end-user units of their respective PPMPs. The BAC shall finalize the APP after the ABM has been approved by the DBM. The BAC shall subsequently re-submit the APP to the Head of the Procuring Entity for approval.

In preparing the APP, the BAC shall consider the following factors:

- a. The APP shall include all procurement activities planned for the year. The approved APP shall be the basis for the procurements of the Procuring Entity, and only those projects/procurements included therein shall be undertaken.
- b. The APP shall include only those procurements that are considered crucial to the efficient discharge of governmental functions. The IRR-A considers a procurement crucial to the efficient discharge of governmental functions if:
 - i. it is required for the day-to-day operations of the Procuring Entity; or
 - ii. it pursues of the principal mandate of the Procuring Entity.
- c. The APP shall include provisions for foreseeable emergencies based on historical records. The BAC, through the BAC Secretariat, shall include therein a lump sum to cover these emergencies or contingencies, which not be more than four percent (4%) of the total appropriations for Maintenance, Operating and Other Expenses (MOOE) of the Procuring Entity.
- d. Scheduling of procurement activities shall be done in such a manner that the BAC and the other offices/units in the Procuring Entity involved in the procurement process are able to efficiently manage the conduct of procurement transactions. It is paramount that project implementation timelines are met.

A review and updating of the individual PPMPs and the APP shall be done regularly, at least once every six months or as often as necessary. The IUs/end-user units shall undertake the review and updating of the PPMPs. These units shall then submit the updated PPMPs to the BAC, through its Secretariat, for inclusion in the updated APP. The Head of the Procuring Entity shall approve the updated APP. The updated PPMPs and APPs will go through the same bottom-up process of review and consolidation at the District, Region and Central Office levels as described in Section 3.1.3 of Volume I of this Manual.

3.3.2.2 Procurement Strategy

The procurement strategy refers to the approach that will be adopted by the BAC in the procurement of the goods, infrastructure projects and consulting services included in the APP.

In the review and consolidation of the PPMPs, the BAC shall determine the extent of diversity, quantities, quality, cost, the supply market, and other characteristics of the requirements of the Procuring Entity for the year. The profile of the procurement is a major determinant in choosing the procurement strategy to be employed, as well as in the scheduling the procurement activities.

There may be common requirements for the various PPMPs. For example, three projects require the purchase of five units of laptop computers for each project office, or a total of 15 laptop computers. Obviously, it will be more cost effective and efficient if the BAC will procure the 15 laptop computers in one bidding exercise and as one bid lot.

The individual PPMPs sometimes reflect a mix of procurement types, for example, an information technology (IT) project might involve the procurement of goods (e.g., workstations, network equipment and peripherals), procurement of civil works (e.g., installation of cables involving the repair of offices and related civil works) and procurement of consulting services (e.g., design and development of information systems). In similar cases, the BAC shall exercise its judgment in determining the bid lots and contract package. There are two approaches to this case – the project could be bid out as one package, or it could be divided into several bid lots (i.e., supply of hardware, supply and installation of cables, design and development of information systems, and repair of facilities). There are advantages and disadvantages of either approach, and the BAC, through the help of the TWG and the Secretariat, shall determine which is the best option for the Procuring Entity.

In line with the objectives of Executive Order (E.O.) No. 278, series of 2004, large infrastructure projects shall, when feasible, be packaged into smaller contracts covering separable work components, without sacrificing the technical integrity of the structure to be built and taking into account the capabilities of Filipino contractors. Splitting of contracts, as defined in E.O. No. 109-A, for the purpose of circumventing the law and existing rules, however, shall not be allowed.

In determining the nature of a project with goods, civil works and consulting components, or any combination of the three, the primary purpose of the procurement shall govern. In the example given, the primary purpose is actually to computerize the internal operations of the Procuring Entity; hence, the single most important component of the project is the design and development of information systems. This being the case, the project could be bid out as a consulting service.

3.3.2.3 Format of APP

The BAC shall prepare three APPs, one each for Infrastructure Projects, Consulting Services, and Goods.

Each APP shall include the list of the contracts to be procured during the year, with the following information for each contract:

- a. Contract ID, name, location, and brief description
- b. IU/end-user unit
- c. Procurement methods to be adopted
- d. Approved Budget for the Contract
- e. Time schedule for each procurement activity

SECTION 4

GENERAL PROCUREMENT ACTIVITIES AND TIMELINES

GENERAL PROCUREMENT ACTIVITIES AND TIMELINE FOR INFRASTRUCTURE PROJECTS

1a. Advertises the IAEB in the Newspaper (1st Advertisement). IRR-A Sec. 5 h states that: "**Competitive Bidding.** Refers to 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." Based on the order in which the processes are introduced, procurement through Competitive Bidding starts with Advertisement. Hence, this activity shall be **Day 1** of the timeline for the procurement process. It is also assumed that, when necessary, the Pre-Procurement Conference has been conducted at least three days prior to the 1st advertisement of the IAEB in the newspaper. Take note that advertisement of the IAEB in the newspaper is not required for contracts to be bid with an ABC \leq ₱5,000,000.00 (IRR-A Sec. 21.2.3) and for alternative methods as provided for in Rule XVI of the IRR-A of RA 9184. (21.2.4)

1b. Advertises the IAEB in the Newspaper (2nd Advertisement). IRR-A Sec. 21.2.1 states that: "Except for contracts to be bid with an ABC costing five million pesos (₱5,000,000.00) and below for the procurement of infrastructure projects (IRR-A Sec. 21.2.3) and for alternative methods of procurement as provided for in Rule XVI of this IRR-A (IRR-A Sec. 21.2.4), the IAEB shall be advertised at least twice within a maximum period of fourteen (14) calendar days, with a minimum period of six (6) calendar days in between publications." Considering the minimum period prescribed in the IRR-A, the earliest possible time to publish the 2nd advertisement shall then be **Day 8**, since there are six days between Day 1 (1st advertisement) and Day 8 (2nd advertisement).

Considering the maximum period, the latest possible time shall be **Day 14**.

1c. Posts the IAEB in the DPWH Website, G-EPS, and at a Conspicuous Place. IRR-A Sec. 21.2.1 states that: "The IAEB shall be posted continuously in the website of the procuring entity concerned, if available, the website of the procuring entity's service provider, if any, as provided in IRR-A Sec. 8, and the G-EPS during the maximum period of fourteen (14) calendar days stated above; and posted at any conspicuous place reserved for this purpose in the premises of the procuring entity concerned." This means that the IAEB shall be continuously posted from **Day 1** to **Day 14**.

2a. Posts/Issues Forms of LOI for Eligibility. The earliest possible time for this activity is the first day of advertisement/posting of IAEB (1a), which is **Day 1**.

The latest possible time is the latest deadline for receiving LOI (2c), which is **Day 17**.

2b. Receives LOI for Eligibility. IRR-A Sec. 21.3.1 states that: "For the procurement of infrastructure projects, the interested party shall submit a written LOI together with its application for eligibility, which must be received by the BAC not later than seven (7) calendar days after the last day of the period for advertising and/or posting of the Invitation to Apply for Eligibility and to Bid provided in Section 21.2 of this IRR-A." The DPWH considers three days after the last advertisement/posting of the Invitation (1b/1c) as a

reasonable deadline which is still within the seven-day maximum prescribed by Sec. 21.3.1. Thus, the latest possible time for this activity is **Day 17**.

The earliest possible time for this activity is when the IAEB is first published or posted (1a/1c), which is **Day 1**.

- 2c. Sets Deadline for Receipt of LOI for Eligibility.** The BAC may immediately receive LOIs and Applications for Eligibility on Day 1, though there is a deadline for doing so. IRR-A Sec. 21.3.1 states that: "*For the procurement of infrastructure projects, the interested party shall submit a written LOI together with its application for eligibility, which must be received by the BAC not later than seven (7) calendar days after the last day of the period for advertising and/or posting of the Invitation to Apply for Eligibility and to Bid provided in Section 21.2 of this IRR-A.*" As mentioned in 2c, the DPWH considers three days as a reasonable deadline. Hence, if the last day of period of advertising of the IAEB in the newspaper is the earliest 2nd advertisement (1b) which is Day 8, the earliest possible deadline shall then be **Day 11**.

On the other hand, if the last day of period of advertising of the IAEB in the newspaper is the latest 2nd advertisement (1b) which is Day 14, the latest possible deadline shall then be **Day 17**.

- 2d. Receives CCASR.** This activity is applicable only if the contractor is not yet registered with the DPWH since the BAC will accept LOIs only from contractors included in the DPWH Registry of Contractors for Civil Works. Unregistered contractors must first submit their CCASRs to the DPWH Central BAC-TWG. The latest possible time for the BAC to receive a CCASR is the latest deadline for the receipt of LOIs (2c), which is **Day 17**.

The earliest possible time for the BAC to receive the CCASR is even before the publication of the IAEB for the contract at hand, since the registration in the DPWH Registry is a one-time requirement intended for all contracts within the capability of the contractor.

- 2e. Processes CCASR and Issues CRC.** As in the case of 2d, this activity is applicable only if the contractor is not yet registered with the DPWH. The latest possible time for this activity (which is computerized and can be completed in a few minutes) is the same as the latest possible time for the conduct of the eligibility check and issuance of Notice of Eligibility (2f), i.e., **Day 32**.

As in the case of 2d, the earliest possible time for this activity is even before the publication of the IAEB for the contract at hand, since the registration is a one-time requirement intended for all contracts within the capability of the contractor.

- 2f. Conducts Eligibility Check and Issues Notice of Eligibility.** IRR-A Sec. 23.10 states that "*The entire process of eligibility check for the procurement of infrastructure projects shall not exceed fifteen (15) calendar days.*" Since the latest possible receipt of LOIs (2b) is pegged at Day 17, the latest possible time to complete this activity is **Day 32**.

The earliest possible time for these activities is assumed to be on the earliest possible date to receive LOIs (2b), which is **Day 1**.

- 3a. Posts Bidding Documents at Website.** The earliest possible time for this activity is the first day of advertisement/posting of the IAEB (1), i.e., **Day 1**. The latest possible time is the deadline for receipt of bids which is **Day 74**.
- 3b. Issues Bidding Documents.** The Bidding Documents shall be issued after determining the eligible prospective bidders. Therefore, the earliest possible time for this activity is immediately after the earliest possible notification of eligible bidders (2f), which is **Day 1**.

With regard to the latest possible issuance, IRR-A Sec. 21.2.2 ii states that: *"For infrastructure projects, the bidding documents shall be issued within thirty (30) calendar days from the last day of the period of advertising and/or posting of the Invitation to Apply for Eligibility and to Bid."* Since the last day for (2nd) advertisement and/or posting of the IAEB 91b) is Day 14, the latest possible issuance shall then be **Day 44**.

- 4a. Calls a Pre-Bid Conference.** IRR-A Sec. 22.2 states that: *"The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids."* Since the latest possible deadline for the submission and receipt of bids is Day 74 (5a), the latest possible time shall then be **Day 62**.

It is assumed that the earliest possible time to call a Pre-Bid Conference is seven (7) calendar days after the earliest deadline for the LOI (2c) on Day 11. This pegs the earliest date for the Pre-Bid Conference at **Day 18**. The earliest possible time is not stated in the law or in the IRR-A, but is provided in this Manual to give the bidders ample time to study the Bidding Documents before the Pre-Bid Conference, which also reflects the legislative intent behind IRR-A Sec. 22.2.

- 4b. Issues Minutes of the Pre-Bid Conference.** IRR-A Sec. 22.3 states that: *"The minutes of the pre-bid conference shall be recorded and made available to all participants not later than three (3) calendar days after the pre-bid conference."* Thus, the earliest and latest possible availability of the copies of the minutes are **Day 18** and **Day 65**, respectively.
- 4c. Issues Bid Bulletins.** IRR-A Sec. 22.5.1 states that: *"The BAC shall respond to the said request by issuing a Supplemental/ Bid Bulletin, duly signed by the BAC chairman, to be made available to all those who have properly secured the bidding documents from the procuring entity, at least seven (7) calendar days before the deadline for the submission and receipt of bids."* Similarly, IRR-A Sec. 22.5.2 states that: *"Supplemental/Bid Bulletins may be issued upon the procuring entity's initiative 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."* Since the latest possible deadline for the receipt of bids (5a) is Day 74, the latest possible issuance shall then be **Day 67**.

For the earliest possible time, the BAC may issue Bid Bulletins at their own initiative immediately after the Bidding Documents are issued. Thus, one calendar day after the earliest possible issuance of the Bidding Documents (3b) is assumed as the earliest possible issuance of the Bid Bulletins, taking into account the preparation of the Bulletins and their approval by the BAC Chairman. This pegs the earliest possible issuance of the Bid Bulletins at **Day 2**.

- 5a. Receives Bids (Technical and Financial Envelopes).** IRR-A Sec. 22.2 states that: *"The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids."* This implies that, if the earliest possible time to hold a pre-bid conference is Day 22 (4a), the earliest possible submission of the bids is 12 calendar days after that, which is **Day 30**.

For the latest possible submission of the bids, IRR-A Sec. 21.2.2 ii states that: *"The following periods from the last day of the period for advertising and/or posting of the Invitation to Apply for Eligibility and to Bid up to the opening of bids shall be observed: For infrastructure projects, the bidding documents shall be issued within thirty (30) calendar days from the last day of the period of advertising and/or posting of the Invitation to Apply for Eligibility and to Bid, and the opening of bids shall be conducted within the following periods from the last day of the issuance of the bidding documents:"*

Estimated Contract Cost (in pesos)	Period
Up to twenty five (25) million	15 to 30 calendar days
Above twenty five (25) million up to fifty (50) million	15 to 45 calendar days
Above fifty (50) million up to two hundred (200) million	30 to 60 calendar days
Above two hundred (200) million	60 to 90 calendar days

"In case of simple or repetitive or standardized works where time is of the essence, the head of the procuring entity may reduce the above term of issuance to not less than fifty percent (50%) of the periods indicated above: Provided, however, That the periods for conducting eligibility check, pre-bid conference and the issuance of bidding documents shall be followed."

The sample timeline presented here is for the procurement of infrastructure projects with an estimated contract cost of up to P25 million. Since the last possible day for the issuance of Bidding Documents (3b) is Day 44 and the maximum period for contracts costing up to P25 million is 30 calendar days, the latest possible submission is **Day 74**. For other contracts, refer to the table above for the maximum periods pertinent to the estimated contract cost and adjust the timelines accordingly.

- 5b. Opens Bids (Technical and Financial Envelopes).** The timeline for this activity is the same as for the receipt of these bids (5a).
- 6. Evaluates Bids and Determines LCB.** IRR-A Sec. 32.3 states that: *"The entire evaluation process shall be completed in not more than fifteen (15) days from the deadline for receipt of proposals."* Since the latest possible deadline for receipt of proposals is Day 74 (5a), the latest possible time for these activities is pegged at **Day 89**.

The earliest possible time is the earliest possible date of opening of bids (5a). This sets the earliest possible time at **Day 30**.

- 7. Conducts Postqualification and Determines LCRB.** IRR-A Sec. 34.1 states that: *"Within seven (7) calendar days from the determination of the Lowest Calculated Bid, the BAC shall conduct and accomplish a post-*

qualification of the bidder with the Lowest Calculated and Responsive Bid". Since the latest possible time for the determination of the LCB (6) is Day 89, the latest possible time to conduct postqualification and determine LCRB is **Day 96**.

One calendar day after the earliest possible time to determine LCB (6) is assumed as the earliest possible time of these activities, which pegs it at **Day 31**.

8a. Drafts BAC Resolution Recommending Award. The earliest and latest possible dates for this activity are the same as the earliest and latest possible dates for postqualification and determination of LCRB (7), which are **Day 31** and **Day 96**, respectively.

8b. Obtains Approval of Resolution and Issues Notice of Award. IRR-A Sec. 37.2.1 states that: *"Within a period not exceeding fifteen (15) calendar days from the determination and declaration by the BAC of the Lowest Calculated and Responsive Bid, and the recommendation of the award, the head of the procuring entity or his duly authorized representative shall approve or disapprove the said recommendation. In case of approval, the head of the procuring entity or his duly authorized representative shall immediately issue the Notice of Award to the bidder with the Lowest Calculated and Responsive Bid."* Since the latest possible time to determine LCRB (7) is Day 96, the latest possible time for this activity shall then be **Day 111**.

One calendar day after the earliest possible time for the BAC Secretariat to draft the BAC resolution recommending award (8a) is assumed as the earliest possible time of these activities, which sets it at **Day 32**.

8c. Receives Bidder's "Conforme" on Notice of Award. The earliest possible date to receive the Bidder's conforme on the Notice of Award is one calendar day after the earliest possible approval of recommendation and issuance of Notice of Award (8b), which is **Day 33**.

The latest possible date for this activity is the same as the latest possible date for approval of recommendation and issuance of notice of award (8b), which is **Day 111**.

8d. Posts Bidding Results at Website. The earliest and latest possible dates for this activity are the same as those for receipt of Bidder's conforme on the Notice of Award (8c), viz., **Day 33** and **Day 111**, respectively.

9a. Finalizes Contract Documents. The earliest possible date to finalize the contract is the same as the earliest possible receipt of Bidder's conforme on the Notice of Award (8c), which is **Day 33**.

The latest possible date for this activity is the same as the latest possible date for receipt of the Bidder's conforme on the Notice of Award (8c), which is **Day 111**.

9b. Obtains Performance Security from Bidder with LCRB and its Signature on the Contract. IRR-A Sec. 37.3 states that: *"The winning bidder or its duly authorized representative shall formally enter into contract with the procuring entity concerned, and submit all documentary requirements to perfect the contract, within ten (10) calendar days from*

receipt by the winning bidder of the Notice of Award." Since the latest possible date for the Bidder's conforme on the Notice of Award (8c) is Day 111, the latest possible time for the contract signing is **Day 121**.

One calendar day after the earliest possible time for the contract documents to be finalized (9a) is assumed as the earliest possible time of this activity, which is pegged at **Day 34**.

- 9c. Obtains Signature of the Authorized Procuring Entity Official on the Contract.** The earliest possible date for the authorized official of the Procuring Entity to sign the contract is the same as the earliest possible time for the Bidder with LCRB to sign the same (9b), which is **Day 34**.

The latest possible date for this activity is the same as the latest possible date for the Bidder with LCRB to sign the contract (9b), which is **Day 121**.

- 9d. Obtains Approval of the Contract.** IRR-A Sec. 37.4 states that: "*When further approval of higher authority is required, the approving authority for the contract, or his duly authorized representative, shall be given a maximum of twenty (20) calendar days from receipt thereof, together with all documentary requirements to perfect the said contract, to approve or disapprove it.*" For the DPWH, the maximum period for contract approval shall be three calendar days if the Procuring Entity is the District Office, five calendar days if the Procuring Entity is the Regional Office, and ten calendar days if the Procuring Entity is the Central Office. Thus, for this typical contract costing not more than P25 million which is within the approving authority of the Regional Director, since the latest possible time for contract signing (9c) is pegged at Day 121, the latest possible time for this activity is set at **Day 126**.

For the earliest possible time, one calendar day after the earliest possible time for the contract to be signed by both parties (9c) is assumed for the earliest possible time of this activity, which pegs it at **Day 35**.

- 9e. Issues Notice to Proceed.** IRR-A Sec. 37.5 states that: "*The concerned procuring entity shall then issue the Notice to Proceed together with a copy or copies of the approved contract to the successful bidder within seven (7) calendar days from the date of approval of the contract by the appropriate government approving authority.*" The DPWH, however, considers three days after the date of contract approval as a reasonable deadline for the issuance of the Notice to Proceed as this is a ministerial action. Since the latest possible times for the approval of the contract (9d) is Day 126, the latest issuance of the Notice to Proceed is set at **Day 129**.

For the earliest possible time of this activity, one calendar day after the earliest possible time for the contract to be signed by both parties (9d) is assumed as the earliest possible time of this activity, which pegs it to **Day 36**.

The procurement timelines described above are depicted in the bar chart in **Figure 2**.

FIGURE 2: TIMELINE OF PROCUREMENT ACTIVITIES FOR INFRASTRUCTURE CONTRACTS
(WITH AN ESTIMATED COST OF UP TO P 25 M)

