Challenges in Public Procurement
Government Procurement is not a mystery... It is not elusive – but we need to embrace and understand the law and the rules...
Standardized Bidding Procedures for Goods and Works Procurement

1. Pre-Procurement Conf.
2. Advertisement
3. Pre-Bid Conference
4. Submission of Bids
5. Opening of 1st Env. - Eligibility Docs & Technical Proposal
6. Opening of 2nd Envelope – Financial Proposal
7. Bid Evaluation & Ranking
8. Post-qualification
9. Award of Contract
The APCPI Result

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

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

*For 2012 only
Total APP vs. Awarded Contract
(in terms of amount, NGAs)

2011
APP = PhP 137.91 B
Awarded = PhP 30.19 B

2012
APP = PhP 131.17 B
Awarded = PhP 31.74 B
VARIANCE IN THE APP BUDGET AND TOTAL AMOUNT AWARDED
(Based on the PMRs and APPs of Participating Agencies)

Awarded Procurements

Planned But NOT Started*

Downloaded funds, savings, failed, cancelled and other unmonitored procurements*

*No data available
Failed Biddings
(Total Contracts Awarded vis-à-vis Number of Procurement Activities)

2011
Procurement Activities = 8,731
Contracts Awarded = 8,058
Difference = 673

2012
Procurement Activities = 11,450
Contracts Awarded = 9,555
Difference = 1,895

Awarded 92.29%
Not Awarded 7.71%
Awarded 83.45%
Not Awarded 16.55%
PRIMARY CAUSES OF DELAYS AND FAILURE OF BIDDING
(Based on APCPI Confirmation Result of Participating Agencies)
BIDDER’S PARTICIPATION
(Average Number of Bidders Who Acquired Bid Docs, Submitted Bids and Passed the Eligibility Stage vs. APCPI Recommended Benchmark)

How do activities informing and updating bidders affect public procurement?
ISSUANCE OF NOTICE OF AWARD

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

2011

10 out of 18 agencies

2012

8 out of 19 agencies
Focus Group Discussion
(22 August 2014)

The following NGAs/GOCCs were invited in the FGD:

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

*Did not participate in the FGD.
CAUSES OF DELAYS IN PROCUREMENT
(Based on FGD Result)

- Poor Planning: 20%
- Peace and Order Situation: 1%
- Low Number of Bidders: 11%
- Numerous Motions for Reconsideration / Protests / Civil Cases and Injunctions: 2%
- Approval / Review Process: 9%
- Incompetence of Procurement Personnel: 8%
- Leadership Issues: 15%
- Varying Interpretation of the Rules: 13%
- Delayed Release of SARO: 1%
- Professionalization of the BAC, and Its Secretariat: 20%
POOR PLANNING

PROPOSED INTERVENTIONS

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

Getting to Performing ...
LOW NUMBER OF BIDDERS

PROPOSED INTERVENTIONS

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

PROPOSED INTERVENTIONS

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

2. GPPB-TSO should coordinate with COA on the interpretation and application of the procurement law and rules.

3. Revision and updating of COA Guidelines on Audit of Procurement (GAP).
LEADERSHIP ISSUES

PROPOSED INTERVENTIONS

1. Issuance of a “Walkthrough on the Functions of HOPE”.
2. HOPE should be empowered and trained in procurement.
4. BAC and Support Unit to provide Complete Staff Work to HOPE to build confidence to recommendations.
5. Limit unforeseen projects to a certain number.
PROPOSED INTERVENTIONS

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

PROPOSED INTERVENTIONS

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

- Peace and Order Situation: 1%
- Numerous Motions for Reconsideration / Protests / Civil Cases and Injunctions: 2%
- Approval / Review Process: 9%
- Professionalization of the BAC, and its Secretariat
- Delayed Release of SARO: 1%
- Varying Interpretation of the Rules: 13%
- Incompetence of Procurement Personnel: 8%
- Leadership Issues: 15%
- Low Number of Bidders: 11%
- Poor Planning: 20%
OTHER PROCUREMENT ISSUES

*vis-a-vis* AFFECTED PROVISIONS IN THE REVISED IRR OF R.A. 9184
<table>
<thead>
<tr>
<th>PROCUREMENT ISSUES</th>
<th>AFFECTED IRR PROVISION/S</th>
<th>PROPOSED INTERVENTIONS</th>
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<td>Lack of Observers</td>
<td>Sec 13.3</td>
<td>Provide observer allowance</td>
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<td>Costs of Newspaper advertisement</td>
<td>Sec. 21.2.1 (a)</td>
<td>Increase threshold amount for procurement projects required to be published in a newspaper</td>
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<td>NFCC requirement</td>
<td>Secs. 23.5.1.4 and 23.5.2.6</td>
<td>Revert to the use of CLC for procurement of goods.</td>
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<td>50% SLCC Requirement</td>
<td>Secs. 23.5.1.3 and 23.5.2.5</td>
<td>Establish a performance rating system for suppliers.</td>
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<tr>
<td>Ordering Agreement Post Performance Security</td>
<td>Secs. 39, 40 and 69.1(e)</td>
<td>Use of undertaking similar to Bid Securing Declaration.</td>
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<td>Rule on the allowance of partial bids</td>
<td>Sec. 32.2.1 and PBD-Goods</td>
<td>Issue Guidelines on Procurement by Lot</td>
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<td>Clearer guidelines for Agency-to-Agency</td>
<td>Secs. 53.5 and 53.6</td>
<td>Revisit and guidelines on A-to-A, Procurement Agent</td>
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<td>Mandatory Sealing and Marking of bids</td>
<td>ITB Clause 20.5</td>
<td>Transfer to Clause 19. Format and Signing of Bids</td>
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“In order to prevent corruption, we prevent procurement...”

Xformation...

“In order to prevent corruption, we do good procurement...”
Challenges in Public Procurement

Dennis S. Santiago
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