



## RESOLUTION NO. 019-2006

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### **APPROVING AND ADOPTING THE GUIDELINES ON THE PROCUREMENT OF WATER, ELECTRICITY, TELECOMMUNICATIONS AND INTERNET SERVICE PROVIDERS**

**WHEREAS**, Republic Act No. 9184 (R.A. 9184), otherwise known as “Government Procurement Reform Act”, and its Implementing Rules and Regulations Part A (IRR-A) took effect on January 26, 2003 and October 8, 2003 respectively;

**WHEREAS**, under R.A. 9184 and its IRR-A, all procurement shall be undertaken through competitive bidding except only under highly exceptional cases where the procuring entity may resort to alternative methods of procurement;

**WHEREAS**, the GPPB recognizes that the provision of certain public utility services, such as, water, electricity, telecommunications, and internet service providers, that are vital and critical to the success and continuity of government operations if subjected to the procedures of annual competitive bidding, would not be advantageous to the government;

**WHEREAS**, there is a need to prescribe the appropriate method under R.A. 9184 that applies to water, electricity, telecommunications and internet service providers and provide additional guidelines to ensure that contractual arrangements with service providers continue to be favorable to the government and remain consistent with the principles of R.A. 9184;

**WHEREAS**, the GPPB on its 5<sup>th</sup> meeting held on 06 December 2006 discussed and deliberated upon the appropriate procedures and additional guidelines for the foregoing services;

**NOW, THEREFORE**, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested in **US** by law, hereby **RESOLVE** to approve and adopt the “Guidelines on the Procurement of Water, Electricity, Telecommunications and Internet Service Providers”, attached hereto as Annex “A” and made an integral part hereof.

This resolution shall take effect immediately.



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**APPROVED** this 6<sup>th</sup> day of December, 2006 at Pasig City, Philippines.

(Sgd.)

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**ROLANDO G. ANDAYA JR.**  
Secretary  
Department of Budget and Management

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**ROMULO L. NERI**

Secretary  
National Economic and Development  
Authority

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**NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY**

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**DEPARTMENT OF NATIONAL  
DEFENSE**

(Sgd.)

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**DEPARTMENT OF EDUCATION**

(Sgd.)

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**DEPARTMENT OF HEALTH**

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**DEPARTMENT OF THE INTERIOR  
AND LOCAL GOVERNMENT**

(Sgd.)

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**DEPARTMENT OF ENERGY**

(Sgd.)

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**DEPARTMENT OF PUBLIC WORKS  
AND HIGHWAYS**

(Sgd.)

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**DEPARTMENT OF FINANCE**

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**DEPARTMENT OF TRADE AND  
INDUSTRY**

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**DEPARTMENT OF SCIENCE AND  
TECHNOLOGY**



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(Sgd.)

**DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS**

**PRIVATE SECTOR REPRESENTATIVE**

Attested by:

(Sgd.)

**RUBY U. ALVAREZ**  
Board Secretary, GPPB  
Officer-in-Charge, GPPB-TSO

## **GUIDELINES ON PROCUREMENT OF WATER, ELECTRICITY, TELECOMMUNICATIONS AND INTERNET SERVICE PROVIDERS**

### **1. SCOPE AND APPLICATION**

These guidelines shall govern the procurement of water, electricity, telecommunications (landline and cellular phone), and internet service providers by government agencies as end users.

Section 5 (h) of Republic Act No. (R.A.) 9184 defines goods as referring to all items, supplies, materials, and general support services which may be needed in the transaction of public business or in the pursuit of any government undertaking. Such definition necessarily includes the procurement of internet service providers and public utility services, such as water, electricity, and telecommunication services.

### **2. PURPOSE**

These guidelines are formulated to meet the following objectives:

- 2.1 Prescribe the appropriate method under R.A. 9184 that applies to the procurement of water, electricity, telecommunications, and internet service providers; and
- 2.2 Provide additional guidelines to ensure that contractual arrangements with service providers continue to be favorable to the interest of the government applying cost-benefit analysis and, thus, remain consistent with the principles of R.A. 9184.

### **3. PROCEDURES AND GUIDELINES**

#### *3.1 Water and Electricity Services*

Considering that water and electricity service providers are granted exclusive franchises to operate within a specific territory, procurement of water and electricity services shall be done through direct contracting under Section 50 (c) of the Implementing Rules and Regulations Part A (IRR-A) of R.A. 9184. This provision does not apply to the purchase of bottled water or to the procurement by any agency of the government,

whether national or local, in its operation as water or electric concessionaire (e.g. repair of pumping stations).

### 3.2 *Telecommunications (Landline and Cellular Phones)*

#### 3.2.1 *Existing Lines*

Telephone and cellular lines are critical in the day-to-day pursuit of public business. Their continuity ensures proper coordination within the organization and the efficient delivery of public service. Further, telephone and cellular numbers are usually identified with certain government agencies or a range of public services that the government may offer (e.g., 117). As such:

3.2.1.1 Contractual agreements previously entered into with telecommunication companies shall be respected.

3.2.1.2 At the end of each year, however, the procuring entity must assess the quality of service provided by its telecommunication service provider. For instance, it must compare the cost charged by its existing telephone or cellular phone service provider and the range of services it offers as against other service providers in the area.

3.2.1.3 If results of said assessment or cost-benefit analysis continue to favor the existing service provider, then the procuring entity may simply renew its services. If it does not, then the procuring entity should bid said services in accordance with Subsection 3.2.2 of these guidelines.

3.2.1.4 Repeat order under Section 51 of R.A. 9184 may be resorted to by the procuring entity if additional lines are needed during the year. For this purpose, the requirement under Section 51 (c) of the IRR-A that the repeat order may only be availed of within six (6) months from Notice to Proceed may be dispensed with.

#### 3.2.2 *New Lines*

If the procuring entity does not have an existing telephone service contractor or, after conduct of a cost-benefit analysis as required in the

preceding subsection, is not satisfied with the performance of its previous service contractor, the following procurement methods are prescribed:

- 3.2.2.1 If there is more than one service contractor operating within the area, competitive public bidding;
- 3.2.2.2 If there is only one service contractor operating within the area, direct contracting.

### 3.3 *Internet Service Providers (ISP)*

#### 3.3.1 *Existing ISPs*

ISPs provide the initial infrastructure requirements (e.g., cabling) necessary in the provision of internet access. Changing ISPs every year may therefore prove to be more costly to government as every new ISP would have to charge the procuring entity for this initial investment. Further, changing ISPs entails interruption of internet access and, thus, any public service dependent on such access. Thus:

- 3.3.1.1 Contractual agreements previously entered into with ISPs shall be respected.
- 3.3.1.2 At the end of each year, however, the procuring entity must assess the quality of service provided by its ISP. For instance, it must compare the cost charged by said ISP and the range of services it offers as against other service providers in the area. It may also consider new technologies that may prove less costly.

In assessing the quality of service provided by its ISP, procuring entities are encouraged to consult the National Telecommunications Commission, or Commission on Information and Communication Technology, or other relevant government agencies regarding any new policy or directive in the implementation or use of new technology.

- 3.3.1.3 If the results of said assessment or cost-benefit analysis continue to favor the existing ISP, then the procuring entity may simply renew its services. If it does not, then the

procuring entity should bid said services in accordance with subsection 3.3.2 of these guidelines.

*3.3.2 New ISPs*

If the procuring entity does not presently engage an ISP or, after conduct of a cost-benefit analysis as required in the preceding subsection, is not satisfied with the performance of its existing ISP, the following procurement methods are prescribed:

3.3.2.1 If there are more than one service contractor operating within the area, public bidding.

3.3.2.2 If there is only one service contractor operating within the area, direct contracting.

**4. REPORTORIAL REQUIREMENT**

Procurement of water, electricity, telecommunications, and internet service shall be stated in the Annual Procurement Plan of the procuring entity. It shall include the estimated budget for each service and the procurement method employed.

**5. EFFECTIVITY**

These guidelines shall take effect immediately.