

REPUBLIC OF THE PHILIPPINES
GOVERNMENT PROCUREMENT POLICY BOARD
Technical Support Office

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NPM No. 002-2005

January 13, 2005

SEC. ROBERTO M. PAGDANGANAN

Chairman and President
Philippine International Trading Corporation
5/F NDC Building, 116 Tordesillas Street,
Salcedo Village, Makati City

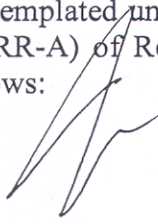
**Re : Proposed Standard Sourcing Procedure for
Pharmaceuticals Trading and Marketing Operations of the
Philippine International Trading Corporation**

Dear Secretary Pagdanganan:

This has reference to the proposed standard sourcing procedure for pharmaceuticals trading and marketing operations of the Philippine International Trading Corporation (PITC) presented by the Honorable Secretary during the 8th Regular Meeting of the Government Procurement Policy Board (GPPB), held on 22 December 2004, to wit:

- a) Adopt Limited Source Bidding for the procurement of its pharmaceutical needs;
- b) Resort to Repeat Order for the purchases of medicines of more than twenty five percent (25%) of the original contract; and
- c) Accredit suppliers in various categories according to product lines to become part of the "Registry of Suppliers" from whom PITC will source their requirements.

After deliberation during the GPPB meeting, the members were unanimous in the view that PITC cannot resort to Limited Source Bidding because medicines are not considered highly specialized type of goods as contemplated under Section 49(a) of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act 9184 (R.A. 9184). Section 49(a) specifically provides as follows:



Procurement of highly specialized types of goods (e.g. sophisticated defense equipment, complex air navigation systems, coal) and consulting services where only a few suppliers or consultants are known to be available, such that resorting to the public bidding method will not likely result in any additional suppliers or consultants participating in the bidding

On the proposal to resort to repeat order for purchases of medicines of more than twenty five percent (25%) of the original contract, the GPPB members were also unanimous in holding that such proposal cannot be favorably considered since it is clearly provided in Section 51 of R.A. 9184 and Section 51(d) of its IRR-A that repeat order shall not exceed twenty five percent (25%) of the quantity in the original contract. Instead, the PITC may conduct a single order procurement through public bidding or direct contracting, in case of exclusive distributorship, for its pharmaceutical requirements the deliveries for which shall be staggered based on the periodic receipt of purchase orders from LGUs and other government clients.

Lastly, the GPPB is agreeable to the use of a mechanism for accreditation of suppliers in various categories according to product lines prior to its participation in competitive biddings; but is against the proposal of having very restrictive requirements for accreditation to its Registry of Suppliers. It is also suggested by the GPPB that PITC's registry of local pharmaceutical suppliers be limited to manufacturers. The PITC may want to consider adopting the eligibility procedures of the Department of Health for its accreditation process.

This opinion is being rendered on the basis of the facts and particular circumstances as represented. It may not necessarily be applicable upon a different set of facts or circumstances.

We trust that this clarifies matters.

Very truly yours,


JOSE MARTIN C. SYQUIA
Executive Director III