

**NPM No. 06-2009**

13 January 2009

**ATTY. MA. VICTORIA C. MAGCASE**  
*Chairperson, Bids and Awards Committee*  
**PHILIPPINE INTERNATIONAL TRADING CORPORATION**  
NDC Building, 116 Tordesillas Street,  
Salcedo Village, Makati City

**Re : Limited Source Bidding**

Dear Atty. Magcase:

This pertains to your letter dated 31 October 2008 requesting for a clearance from the Government Procurement Policy Board (GPPB) to adopt Limited Source Bidding in procuring the various requirements of the Philippine Army, particularly the procurement of three (3) units brand new Alcatel medium capacity switches with an Approved Budget for the Contract (ABC) of Five Million Seven Hundred Sixty-Nine Thousand Two Hundred Thirty Pesos and Seventy-Six Centavos (Php. 5,769,230.76)

In your letter you state that you consider the following factors in proposing to resort to Limited Source Bidding, to wit:

1. The specific type of switches as per attached technical description is to achieve an integrated and harmonized communication system for the Philippine Army to ensure compatibility, interoperability and interchangeability of all parts and modules with seamless features and ease of integration as one uniform communication network; and,
2. Training and skills development of concerned Philippine Army personnel will focus on the type of equipment /system due to the uniformity of switches installed at all camps of the Philippine Army

**Public Bidding as the General Rule**

Pursuant to the principles of transparency, competitiveness and accountability espoused by Republic Act No. 9184 (R.A. 9184) and its Implementing Rules and Regulations – Part A (IRR-A) Section 10, Article IV thereof prescribes that all procurement shall be done through Competitive Bidding. Alternative methods shall be resorted to only in highly

exceptional cases<sup>1</sup>, provided that the prior approval of the Head of the Procuring Entity (HOPE) or his duly authorized representative is obtained and, provided, further, that the conditions under Rule XVI of the Act are complied with.<sup>2</sup>

R.A. 9184 confers upon the procuring entity through the Bids and Awards Committee (BAC), the exclusive jurisdiction to determine the classification and nature of the procurement to be undertaken. Likewise, it bestows upon the BAC the prerogative to recommend to the HOPE the use of the Alternative Methods of procurement, provided, that the conditions under R.A. 9184 are present and pertinent rules relative thereto are observed.<sup>3</sup>

### **Limited Source Bidding**

Limited source bidding or selective bidding is one of the alternative modes of procurement which may only be employed by a procuring entity under the following circumstances:

- a) 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; or
- b) Procurement of major plant components where it is deemed advantageous to limit the bidding to known qualified bidders in order to maintain uniform quality and performance of the plant as a whole<sup>4</sup>.

Limited Source Bidding involves direct invitation to bid by the concerned procuring entity from a set of pre-selected suppliers or consultants with known experience and proven capability on the requirements of the particular contract. The pre-selected suppliers or consultants shall be those appearing in a list maintained by the relevant Government authority that has expertise in the type of procurement concerned, which list should have been submitted to, and maintained updated with, the GPPB. The BAC of the concerned procuring entity shall directly send to the pre-selected bidders the invitation to bid, which shall already indicate the relevant information required to enable the bidders to prepare their bids as prescribed under the pertinent provisions of this IRR-A.

From the foregoing, it is clear that the determination and accountability for the use of Limited Source Bidding as an alternative mode of procurement rests primarily with the HOPE, upon prior recommendation of the BAC that the procuring entity was able to comply with the conditions and/or requirements thereof.

Further, we would like to note that the approval of the GPPB on the use of a particular alternative method of procurement is not required under R.A. 9184 and its IRR-A. However, in cases where the HOPE has made a determination that a government contract involving an

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<sup>1</sup>Section 48.2, IRR-A.

<sup>2</sup>Section 48.1, IRR-A.

<sup>3</sup>Section 12.1, IRR-A.


<sup>4</sup> Section 48 (a), R.A. 9184; Section 49, IRR-A

amount of at least Five Hundred Million Pesos (Php. 500,000,000.00) or more falls under any of the exceptions from public bidding, the HOPE, before proceeding with the alternative methods of procurement, shall obtain the approval of the GPPB that said government proposed procurement undertaking falls within the exceptions from public bidding and that the proposed specific alternative method of procurement is appropriate.<sup>5</sup>

Lastly, we would like to point out that, to date, the GPPB has not received any list of pre-selected suppliers or consultants from any government agency. Hence, there is still no list being maintained by the GPPB that may be used as basis for resorting to Limited Source Bidding.

We hope to have clarified the matter. Should you have other concerns, please do not hesitate to contact us.

Very truly yours,

  
**RUBY U. ALVAREZ**  
*Executive Director III*

**Copy Furnished:**

**MS. ROSA M. CLEMENTE**

*Director*

**PHILIPPINE GOVERNMENT ELECTRONIC PROCUREMENT SYSTEM**

Unit 2504, Raffles Corporate Center, F. Ortigas Jr. Road,  
Ortigas Center, Pasig City

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<sup>5</sup> Section 4, Executive Order No. 423, dated 30 April 2005, as amended by E.O. No. 645, dated 31 July 2007.



## TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center  
F. Ortigas Jr. Avenue, Ortigas Center  
Pasig City, Philippines 1605

Ency,  
Pls. print out Revised Draft-Final.  
FN:  
NPM No. — 2008.PTC  
[Limited Source Bidding] JN.

**NPM No. — 2008**

17 November 2008

**ATTY. MA. VICTORIA C. MAGCASE**  
*Chairperson, Bids and Awards Committee*  
**OFFICE OF THE PRESIDENT**  
Malacañang, Manila

**Re : Limited Source Bidding**

Dear Atty. Magcase:

This pertains to your letter dated 31 October 2008 requesting for a clearance from the Government Procurement Policy Board (GPPB) to adopt Limited Source Bidding in procuring the various requirements of the Philippine Army, particularly the procurement of three (3) units brand new Alcatel medium capacity switches with an Approved Budget for the Contract of Five Million Seven Hundred Sixty-Nine Thousand Two Hundred Thirty Pesos and Seventy-five Centavos (Php. 5,769,203.75) ✓

In your letter, you state that you consider the following factors in proposing to resort to Limited Source Bidding, to wit: ✓

1. The specific type of switches as per attached technical description is to achieve an integrated and harmonized communication system for the Philippine Army to ensure compatibility, interoperability and interchangeability of all parts and modules with seamless features and ease of integration as one uniform communication network; and,
2. Training and skills development of concerned Philippine Army personnel will focus on the type of equipment /system due to the uniformity of switches installed at all camps of the Philippine Army. ✓

Under Republic Act No. 9184 (R. A. 9184) and its Implementing Rules and Regulations-Part A (IRR-A), the procuring entity shall adopt public bidding as the general mode of procurement [Section 10, R. A. 9184 and its IRR-A].

In order to promote economy and efficiency, procuring entities may resort to alternative methods in highly exceptional cases, provided there is a prior recommendation from the Bids and Awards Committee (BAC) and approval from the head of the procuring

entity (HOPE); provided further, that the conditions under Sections 49-54 of R. A. 9184 and its IRR-A are complied with [Sections 48.1 and 48.2, IRR-A, R. A. 9184].

Limited Source Bidding or selective bidding is one of the alternative modes of procurement which may only be employed by a procuring entity under the following circumstances:

- a) 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; or
- b) Procurement of major plant components where it is deemed advantageous to limit the bidding to known qualified bidders in order to maintain uniform quality and performance of the plant as a whole [Section 48 (a) of R.A. 9184 and Section 49 of IRR-A].

Limited Source Bidding involves direct invitation to bid by the concerned procuring entity from a set of pre-selected suppliers or consultants with known experience and proven capability on the requirements of the particular contract. The pre-selected suppliers or consultants shall be those appearing in a list maintained by the relevant Government authority that has expertise in the type of procurement concerned, which list should have been submitted to, and maintained updated with, the GPPB. The BAC of the concerned procuring entity shall directly send to the pre-selected bidders the invitation to bid, which shall already indicate the relevant information required to enable the bidders to prepare their bids as prescribed under the pertinent provisions of this IRR-A.

From the foregoing, it is clear that the determination and accountability for the use of any of the alternative methods of procurement, i.e. Limited Source Bidding, rest primarily with the HOPE, upon prior recommendation of the BAC that the procuring entity was able to comply with the conditions and/or requirements thereof. The approval of the GPPB on the use of a particular alternative method of procurement is not required under R.A. 9184 and its IRR-A.

We would also like to emphasize, however, that in cases where the HOPE has made a determination that a government contract involving an amount of at least Five Hundred Million Pesos (Php. 500,000,000.00) or more falls under any of the exceptions from public bidding, the HOPE, before proceeding with the alternative methods of procurement, shall obtain the approval of the GPPB that said government proposed procurement undertaking falls within the exceptions from public bidding and that the proposed specific alternative method of procurement is appropriate. [Section 4 of Executive Order (E.O.) No. 423, dated 30 April 2005, as amended by E.O. No. 645, dated 31 July 2007]

Lastly, we would like to point out that list of pre-selected suppliers and/or consultants submitted by the relevant Government authority having the expertise in the type of procurement concerned and updated with the GPPB for purposes of Limited Source Bidding is not yet available. Said list is also important before a procuring entity can resort to Limited Source Bidding.

We hope to have clarified the matter. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

**RUBY U. ALVAREZ**  
*Executive Director III*

**Copy Furnished:**

**MS. ROSA M. CLEMENTE**

*Director*

**PHILIPPINE GOVERNMENT ELECTRONIC PROCUREMENT SYSTEM**

Unit 2504, Raffles Corporate Center, F. Ortigas Jr. Road,  
Ortigas Center, Pasig City



## Philippine Internationa

*Hi Eric,  
Already this is addressed to  
Phil G. EPS, but asdg. to Bryan,  
Phil G. EPS will eventually  
endorse to us. So, pls handle.  
10/11/08*

Ref.: BAC-1/L2008-10- 323

31 October 2008

Philippine Government Electronic  
Procurement System (Philgeps)  
Department of Budget & Management  
Ortigas, Pasig City

Fax No. 900-52-37/900-52-39

Gentlemen:

We are the Philippine International Trading Corporation, the trading arm of the government under the Department of Trade & Industry. We are currently servicing the various procurement requirements of the Philippine Army - which among others is the procurement of **three (3) units** brand new **ALCATEL** medium capacity switches with an Approved Budget for the Contract of ₱ 5,769,230.76.

In this regard, may we request clearance from your Office that the mode of procurement that PITC will adopt for the aforementioned equipment is "**limited source bidding**" due to the following critical factors:

- 1) The specific type of switches as per attached technical description is to achieve an integrated and harmonized communication system for the Philippine Army to ensure compatibility, inter-operability and interchangeability of all parts and modules with seamless features and ease of integration as one uniform communication network;
- 2) Training and skills development of concerned Philippine Army personnel will focus on the type of equipment/system due to the uniformity of switches installed at all camps of the Philippine Army.

We have scheduled the pre-bid conference on 05 November 2008 while the Submission and Opening of Sealed Bids will be on 18 November 2008.

Thank you and we hope that this request will merit your preferential attention.

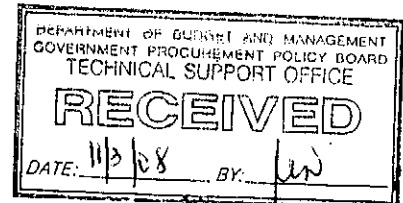
Very truly yours,

*for: [Signature]*  
ATTY. MA. VICTORIA C. MAGCASE  
Chairperson  
Bids & Awards Committee I

cc.: Government Procurement Policy Board

Supply, Delivery & Installation of 3 units Brand New  
Alcatel Medium Capacity Switches  
Bid Ref. No. 2008-029

NDC Bldg., 116 Tordesillas Street, Salcedo Village, 1227 Makati City, Philippines  
Tel. No.: (632) 818-9801 • Fax No.: (632) 892-2054  
Email Address: [pitc@pitc.gov.ph](mailto:pitc@pitc.gov.ph) • Website: [www.pitc.gov.ph](http://www.pitc.gov.ph)





**PITC**

## TECHNICAL SPECIFICATIONS

### ALCATEL OmniPCX Enterprise

- Alcatel Crystal Technology ACT (crystal hardware)
- Expandable to 2000 trunks and up to 5000 extension, initially
- Wired to 400 lines, but initially equipped for:
  - » 90 channels - (two (2) E1 and one (1) dual port T1)
  - » 08 analog trunks
  - » 128 analog lines (four (4) eZ32 card)
  - » 32 digital lines (one (1) eU32 card)
  - » 02 (two) ea A4039 Digital Set
  - » 06 (six) ea A4029 Digital Set
  - » ACT 28 MI Cabinet (Integrated Cabinet)
- Full - IP Centric and the world's most advanced future proof Communication System
- Using LINUX for its operating system
- Intel Pentium for its processor
- ALCATEL multimedia Attendant Console - MAC (4059)
  - » Windows NT4 or Windows XP-based application
  - » can combine with other Alcatel software such as ALCATEL OmniVista (4760), BLF-Busy Lamp Field (4059), and MGMT management (4059 - MAC Console), as well as Software (TAPI or non-TAPI), such as PIM, e-mail, agenda, scheduler, directory, etc.
  - » Terminal-adjustable graphical display (4 gray levels) with up to 70 soft keys and intuitive icons, 4 directional navigator key and alphanumeric keyboard
  - » Ancillary materials and services

### OTHER INFORMATION

Delivery, installation, commissioning and end user training will be at the following sites:

- H4th ID, PA - Camp Evangelista, Cagayan de Oro City
- H5th ID, PA - Camp dela Cruz, Upi, Garu, Isabela
- H6th ID, PA - Camp Siongco, Awang, Maguindanao





**PITC**

The particulars relative to Eligibility, Bid Bond, Performance Bond, Pre-Bid Conference, Bid Evaluation and Award of Contract shall be governed by the provisions of R.A.9184 and its implementing rules and regulations.

PITC reserves the right to reject any or all bids, declare a failure of bidding, waive any defects or informalities therein and/or accept the offer/s most advantageous and beneficial to the government. Further, the PITC assumes no responsibility whatsoever to compensate or indemnify the prospective bidders for any expenses incurred in the processing of their eligibility to bid and/or in the preparation of the bid.

  
(SGD) MA. VICTORIA C. MAGCASE  
Chair, Bids & Awards Committee

Postings on November 3, 2008  
G-EPS, PITC Website & Bulletin Board



# Philippine International Trading Corporation

**INVITATION TO APPLY FOR ELIGIBILITY AND TO BID # 2008-029**  
**SUPPLY AND DELIVERY OF THREE (3) UNITS BRAND NEW ALCATEL MEDIUM CAPACITY SWITCHES**  
**FOR THE PHILIPPINE ARMY (LIMITED SOURCE BIDDING)**  
 Bid Ref No. 2008 - 029

**Approved Budget for the Contract: ₱ 5,769,230.76**

The PHILIPPINE INTERNATIONAL TRADING CORPORATION (PITC) invites authorized selected Philippine Companies to apply for eligibility and to bid for the supply and delivery of one (1) lot of Three (3) Alcatel Medium Capacity Switches as shown below:

Quantity	Item Description	Approved Budget for Contract (Php)		Funding Source (Alobs / ASA)	Cost / Price of Bid Documents
		Unit Price	Total		
3	Units Brand New Alcatel Medium Capacity Switches	₱ 1,923,076.92	₱ 5,769,230.76	300-2600-07-12-10572	₱ 3,000.00
<b>Total</b>			<b>₱ 5,769,230.76</b>		<b>₱ 3,000.00</b>

Approved Budget for the Contract is ₱ 5,769,230.76. The applicant must meet the following minimum requirements:

1. Must be in existence for at least **three (3) consecutive years** prior to posting / advertisement of this project.
2. Must have satisfactorily completed within the last three (3) years at least **one (1) single contract or accumulated purchase orders** of similar nature with value of at least **fifty percent (50%)** of the approved budget of contract for this project.
3. With **no overdue deliveries** in the Philippines for the same item/s being bid for.
4. **Not currently blacklisted** by any government agency or office.
5. Must be **registered with Phil-Gaps**.

Bid documents will be available for issuance starting **November 3, 2008 weekdays only from 8:00 AM to 4:00 PM**, from the BAC Secretariat c/o **Mrs. Aurora S. Navarra** at the **5th Floor of the NDC Building, 116 Tordesillas St. Salcedo Village, Makati City** after payment of non-refundable fee of cost / price of bid documents.

Only bid documents actually issued and purchased from PITC shall be the basis for acceptance of bids (RA 9184, IRR-A, Sec. 17.5)

A Pre-Bid conference is scheduled on **November 5, 2008, 10:00 a.m.** at the 5F Conference Room. Bidders may submit their queries, if any, in writing to the BAC Secretariat through Fax No 818-9801 loc 499 not later than three (3) days prior to the Pre-Bid Conference.

The Submission and Opening of Bid Documents is scheduled on **November 18, 2008, 2:00 p.m.** at the 5F Conference Room.

*RC*

NDC Bldg., 116 Tordesillas Street, Salcedo Village, 1227 Makati City, Philippines  
 Tel. No.: (632) 818-9801 • Fax Nos.: (632) 892-2021; 892-2054  
 Email Address: [pitc@pitc.gov.ph](mailto:pitc@pitc.gov.ph) • Website: [www.pitc.gov.ph](http://www.pitc.gov.ph)