



Department of Budget and Management
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 153 -2012

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HON. LORENZO C. DRAPETE

Director IV

DEPARTMENT OF BUDGET AND MANAGEMENT (DBM)

G/F DBM Boncodin Hall, Gen. Solano Street

San Miguel, Manila

Re: Definition of Procurement Project

Dear Director Grapete:

This refers to your letter dated 29 October 2012, seeking clarification on the following statements presented by **Mr. Conrado S. Tolentino**, Chairman, Bids and Awards Committee (BAC) of the Power Sector Asset and Liabilities Management (PSLAM) in his letter dated 1 October 2012 addressed to the DBM Bureau – F:

- a. Procurement Project Plan (sic) is the appropriate document which determines what constitutes a procurement project; and,
- b. Invitation to Bid (IB) may contain or describe more than one procurement project.

Procurement Project

At the outset, we would like to confirm your initial statement that the Project Procurement Management Plan (PPMP) submitted by the end user units or various Project Management Offices (PMOs) within the Procuring Entity is the appropriate document which determines what constitutes a procurement project. No less than the Guidelines on the Establishment of Procurement Systems and Organizations under the Generic Procurement Manual (GPM)¹ provides that:

A **procurement project** refers to the entire project identified, described, detailed, scheduled and budgeted for in the PPMP prepared by the agency.
(emphasis supplied)

Thus, each PPMP submitted by PMOs and/or end-user units that reflect the planned procurement activities of the Procuring Entity shall contain: a) the type of contract to be

¹ Volume 1, 1st Ed., June 2006

employed; b) the extent/size of contract scopes/packages; c) the procurement methods to be adopted, and indicating if the procurement tasks are to be outsourced; d) the time schedule for each procurement activity; and e) the estimated budget for the general components of the contract. Accordingly, each PPMP is reflective of a particular procurement activity to be undertaken by the Procuring Entity, and in as much as the PPMP contains information as to the scope, extent, size or packages of the procurement project, any activity within such scope, extent, size or packages is deemed to be integral to the entire project regardless of the project's divisibility in lots or smaller sizes².

Multiple Projects in One Invitation to Bid (IB)

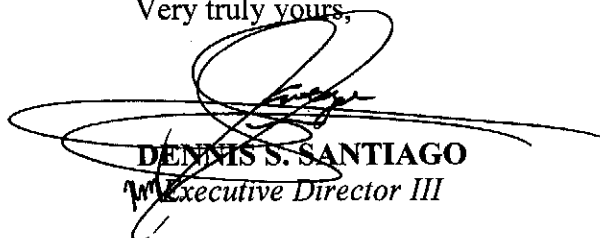
Anent your second concern, in order to save time and make public procurement more efficient, expeditious and economical, Procuring Entities may provide and describe more than one procurement project in an IB by way of bid packaging or lots. As a rule, advertisements for bidders are simply invitations to make proposals³ based on the requirements contained in the IB. Thus, prospective bidders are apprised of the project or projects contained therein, upon knowledge of which they may opt to submit bids or not.

Section 21 of RA 9184 and its associated IRR do not proscribe the inclusion of packages or lots involving a particular project identified in specific PPMPs. As a matter of fact, the Instruction to Bidders (ITB)⁴, specifically Clause 1.2 on Scope of Bid, provides that "the procuring entity may state the name, identification, and *number of lots* specific to the particular bidding." Accordingly, for projects requiring a variety of goods and works, separate contracts may be awarded for the supply and/or installation of different items of equipment and plant and for the works.⁵

Based on the foregoing discussions, we opine that the determination of what a procurement project depends on the procurement activity identified, described, detailed, scheduled and budgeted in the PPMP. On the other hand, the IB may contain and describe more than one procurement project by way of bid packaging or lots.

We hope our advice provided sufficient guidance on the matter. Note that this opinion is being issued on the basis of facts and particular circumstances presented, and may not be applicable to a different set of facts and circumstances. Should you have further questions, please do not hesitate to contact us.

Very truly yours,


DENNIS S. SANTIAGO
Executive Director III



² Non-Policy Matter 157-2004

³ Article 1326, Civil Code of the Philippines.

⁴ Philippine Bidding Documents for the Procurement of Goods and Service, 4th Ed., December 2010.

⁵ *Id.*, p. 15.