

REPUBLIC OF THE PHILIPPINES
GOVERNMENT PROCUREMENT POLICY BOARD
Technical Support Office

Unit 2506 Raffles Corporate Center, Emerald Avenue, Ortigas Center, Pasig City
Telefax Nos. (02) 900-6741 to 44

NPM No. 157-2004

December 20, 2004

MS. MYRNA S. CHUA
Officer-in-Charge
Organization, position, Classification and
Compensation Bureau
Department of Budget and Management

Re : Definition of "Procurement Project" for Purposes of Grant of Honoraria to BAC and TWG Members

Dear Ms. Chua:

This refers to your letter dated 09 December 2004 which we received on 13 December 2004, requesting clarification on the definition of "procurement project" for purposes of granting Honoraria to BAC and TWG members. This recourse, apparently, is made in light of the inquiries raised to your office by the National Food Authority (NFA) on whether the members of the BAC, the TWG and the BAC Secretariat of the Luzon Project and Visayas-Mindanao Project for the Supply, Delivery, Installation and Test-Run/Commissioning of Batch Recirculating Grain Dryers with 5 lots each and who collected honoraria after the award of three (3) lots are still entitled to collect honoraria after the re-bid and awarding of the remaining two (2) lots.

While this opinion may ultimately facilitate the resolution of the NFA's concern raised to the OPCCB, the sole issue for this office's consideration shall delve mainly on the legal supposition of "procurement project" as used under the law for purposes of the grant of honoraria.

As aptly raised, Budget Circular No. 2004-5 dated 23 March 2004 was issued to provide guidelines on the grant of honoraria to government personnel involved in government procurement. Sub item 4.1 thereof provides, among others, that the chairs and members of the BAC and the TWG may be paid honoraria for *successfully completed procurement projects*.¹

It bears stressing that as a matter of procedure, prior to the conduct of the procurement proper, the procuring entity shall judiciously prepare, maintain and update an Annual Procurement

¹ Other portions of the guidelines provisions on rates per procurement project omitted.



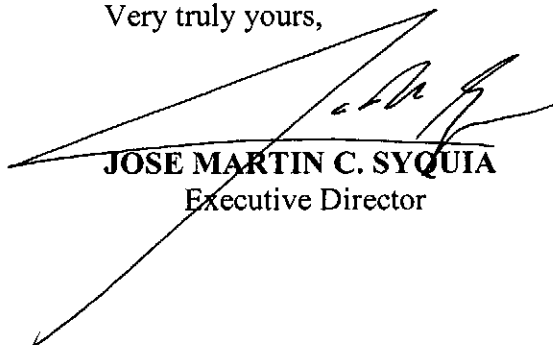
Plan (APP) for all its procurement. The APP shall include, for each individual project, a Project Procurement Management Plan (PPMP) which shall contain: a) the type of contract to be employed; b) the extent/size of contract scopes/packages; c) the procurement methods to be adopted, and indicating if 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.²

Thus, for the purpose of determining the contemplation and intent of “procurement project” as utilized in the Guidelines for Grant of Honoraria to BAC and TWG Members,³ the foregoing discourse on the requirement for a judicious preparation of a procurement plan proves of aid. The procuring entity shall prepare a plan for all procurement activities it intends to undertake for the (fiscal) year. This necessarily includes a similar preparation of a plan for each procurement project to be undertaken under the annual procurement plan.

Prescinding from the foregoing considerations, “procurement project” for purposes of implementing the guidelines for the grant of honoraria, and for other purposes relative to the implementation of RA 9184, is understood to mean the entire project identified, described, detailed, scheduled, and budgeted for in the PPMP. In as much as the PPMP contains information as to the scope, extent and size of the project, any activity within such scope, extent and size is deemed to be integral to the entire project regardless of the project’s divisibility in lots or smaller sizes.

While this office is bereft of jurisdiction, the issue on the compliance of NFA-BAC with the guidelines on grant of honoraria is refused to be passed upon by this office, in courtesy and deference to the authority of OPCCB to make its determination and/or clarification. We, however, hope that the above discourse proves helpful to you.

Very truly yours,



JOSE MARTIN C. SYQUIA
Executive Director

² See Section 7 of IRR-A.

³ Budget Circular No. 2004-5, dated 23 March 2004.

REPUBLIC OF THE PHILIPPINES
GOVERNMENT PROCUREMENT POLICY BOARD
Technical Support Office
Unit 2506 Raffles Corporate Center, Emerald Avenue, Ortigas Center, Pasig City
Telefax Nos. (02) 900-6741 to 44

December 14, 2004

MS. MYRNA S. CHUA
Officer-in-Charge
Organization, Position, Classification and
Compensation Bureau
Department of Budget and Management

Dear Ms. Chua:

This refers to your letter dated 09 December 2004, which we received on 13 December 2004, addressed to Executive Director Jose Martin C. Syquia, seeking clarification whether each economic lot size of a procurement project may be considered as an individual project for purposes of granting honoraria.

We wish to inform you that we shall respond to your concerns either through phone or in writing at the earliest possible opportunity, or raise the same to the Government Procurement Policy Board for appropriate resolution should referral thereto becomes necessary.

Very truly yours,


ATTY. SALVADOR C. MALANA III
Head, Legal and Policy Group



REPUBLIC OF THE PHILIPPINES

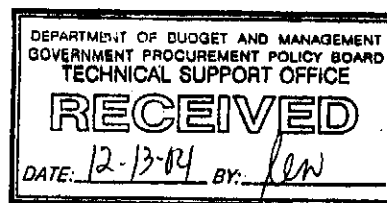
Department of Budget and Management

ORGANIZATION, POSITION CLASSIFICATION AND COMPENSATION BUREAU
2nd Floor, DBM Building I, General Solano Street, San Miguel, Manila

735-8689
735-4959
1832

December 9, 2004

Executive Director Jose Martin Syquia
Technical Support Office
Government Procurement Policy Board
Unit 2506, Raffles Corporate Center
Emerald Ave., Ortigas Center
Pasig City



Sir:

This refers to the letter from the National Food Authority (NFA) dated November 24, 2004, copy attached, inquiring if the members of the Bids and Awards Committee (BAC), Technical Working Group (TWG), and the BAC Secretariat of the Luzon Project and Visayas-Mindanao Project for the Supply, Delivery, Installation and Test-Run/Commissioning of Batch Recirculating Grain Dryers with 5 lots each and who collected honoraria after the award of 3 lots are still entitled to collect honoraria after the re-bid and awarding of the remaining 2 lots.

Section 15 of Republic Act No. 9184 (An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes) provides that the procuring entity may grant honoraria to the BAC members in an amount not to exceed 25% of their respective basic monthly salaries subject to availability of funds.

In accordance with said provision, Budget Circular (BC) No. 2004-5 dated March 23, 2004, copy attached, was issued to provide guidelines on the grant of honoraria to government personnel involved in government procurement. Sub-item 4.1 thereof provides, among others, that the chairs and members of the BAC and the TWG may be paid honoraria for successfully completed procurement projects not to exceed the following rates per procurement project:

	Honorarium Rate Per Procurement Project
BAC Chair	3,000
BAC Members	2,500
TWG Chair and Members	2,000


The total honoraria received in a month shall not exceed 25% of the monthly basic salary of the BAC/TWG chair and members.

Sub-item 4.4 of said BC provides that the members of the BAC Secretariat may likewise be paid honoraria at the same rate as the TWG chair/members.

To enable us to respond appropriately to said inquiry and to similar requests, please assist us in defining a procurement project and when it is composed of economic lot sizes and covered by separate contracts. Can each economic lot size be considered as an individual

project such that its award can be a basis for grant of said honoraria? May we also request for comments on the NFA's request.

Very truly yours,


MYRNA S. CHUA
Officer-in-Charge



**PAMBANSANG
PANGASIWAAN
SA PAGKAIN**

NATIONAL FOOD AUTHORITY

KATIMYAS BLDG., 101 E. RODRIGUEZ SR. AVE., QUEZON CITY TEL. NO.: (632) 712-3341 TO 54 FAX NO.: (632) 712-1110 E-Mail www.nfa.gov.ph

November 24, 2004

DIRECTOR MYRNA CHUA

Organization Position Classification
And Compensation Bureau
Department of Budget and Management
Malacanañg, Manila

ORGANIZATION and COMPA	CLASSIFICATION BUREAU (OCB)
- 30-2004	
1/01/194/0019	

Dear Director Chua:

This refers to the grant of honoraria to government personnel involved in government procurement as authorized per DBM Budget Circular No. 2004-5 dated March 23, 2004. As provided for under Item 4.1 of the Guidelines, the chair and members of the Bids and Awards Committee (BAC) and the Technical Working Group (TWG) may be paid honoraria only for successfully completed procurement projects.

In the light of the foregoing, may we request clarification if a project which was bid out as one but had two separate awards made would entitle the BAC members, TWG and secretariat to collect honoraria twice.

The case in point is as follows:

NFA published an invitation to apply for eligibility and to bid for the Supply, Delivery, Installation and Test-run/Commissioning of Batch Recirculating Grain Dryers for Luzon and Visayas-Mindanao Project. The two projects were handled by two separate BAC, one for Luzon and one for Visayas-Mindanao. There were five (5) lots for each project. The BAC first awarded only three (3) lots due to bidding failure of the two (2) lots. The BAC then conducted re-bidding and successfully awarded the remaining two (2) lots. The members, TWG and secretariat for each BAC collected honoraria after the award of the first three (3) lots.

May we inquire if the above-mentioned BAC members are still entitled to collect honoraria after the award of the remaining two (2) lots. We have attached a copy of the published bidding for your reference.

Thank you for your prompt attention to our request.

Very truly yours,


ARLYN F. RELAMPAGOS
Department Manager

Department of Budget and Management
In following-up, pls. cite # 2004-G00158R



2004-G00158R

INVITATION TO APPLY FOR ELIGIBILITY AND TO BID

The National Food Authority (NFA) invites authorized suppliers of Grain Recirculating Dryers to apply for eligibility and to bid for the Supply, Delivery, Installation and Technical Consulting of Batch Recirculating Grain Dryers for the following locations:

A. FOR LUZON PROJECT

LOT	QTY	ITEM	LOCATION	APPROVED BUDGET	SOURCE OF FUNDS
1	2	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, two (2) units to be provided with 10KVA gasoline genset (prime mover) each	Region I	5,020,000.00	NFA's Appropriation
2	18	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, twelve (12) units to be provided with 10KVA gasoline genset (prime mover) each	Region II	12,479,987.00	NFA's Appropriation
3	16	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, three (3) units to be provided with 10KVA gasoline genset (prime mover) each	Region III	6,354,000.00	NFA's Appropriation
4	11	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, eleven (11) units to be provided with 10KVA gasoline genset (prime mover) each	Region IV	10,538,440.00	NFA's Appropriation
5	1	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons	Region V	1,377,000.00	NFA's Appropriation

B. FOR VISAYAS AND MINDANAO (VARMO) PROJECT

LOT	QTY	ITEM	LOCATION	APPROVED BUDGET	SOURCE OF FUNDS
1	7	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, one (1) unit to be provided with a 10KVA gasoline genset (prime mover)	Region VI	6,170,000.00	NFA's Appropriation
2	8	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, eight (8) units to be provided with 10KVA gasoline genset (prime mover) each	Region VII & VIII	6,538,440.00	NFA's Appropriation
3	10	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, four (4) units to be provided with 10KVA gasoline genset (prime mover) each	Region IX	7,407,000.00	NFA's Appropriation
4	10	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, two (2) units to be provided with 15KVA diesel genset (prime mover) each	Region X	7,407,000.00	NFA's Appropriation
5	11	BATCH RECIRCULATING DRYER WITH holding capacity of 6 metric tons, five (5) units to be provided with 10KVA gasoline genset (prime mover) each	Region XI & XII	7,407,000.00	NFA's Appropriation

The schedule of bidding activities are as follows:

Activities	Date
Issuance of Eligibility Requirements and Bid Documents	June 21-22, 2004
Pre-Bid Conference	June 23, 2004
Bidding Proper	June 23, 2004, 10:00 AM to 5:00 PM

Each bidder shall execute a Bidder's Security. The amount of amount for the Bid Security are as follows:

- A. Cash, Manager's Check, Cashier's Check, Irrevocable Letter of Credit or Bank Draft: 1% of the Approved Budget for Contract
- B. Bank Guarantee: 1.5% of the Approved Budget for Contract
- C. Surety Bond: 2.5% of the Approved Budget
- D. Any combination thereof: Proportionate to Share
- E. Foreign Guarantee: 100% of the Approved Budget for Contract

Eligibility requirements can be secured from and submitted to the BAC Secretariat at the NFA Central Office, 101 B. Rodriguez St. Ave., Quezon City, or at the NFA Regional Office, Cebuana City for the Luzon Projects, and NFA Regional Office, General Santos City for the Visayas and Mindanao Projects.

Bidding documents shall be issued only to interested bidders upon payment of a non-refundable fee of P1,000,000.00.

It is required that the prospective bidder's must have a single contract, — completed within the last seven (7) years and similar to the contract to be bid — whose value, adjusted to current prices, must be at least fifty percent (50%) of the approved budget for the contract to be bid.

Venue for the pre-Bidding Conference for both Luzon and VisMin Projects is at the IRMID Training Room, 7th Floor Central Office, Substitution and Opening of Bids shall be at the NFA Cebuana City Farmers Training Center for the Luzon Project, and NFA Gen. Santos City Regional Office Building, 3rd Floor Conference Room for the Visayas and Mindanao Projects

For more details or inquiries, please contact the BAC Secretariat at the following telephone numbers:

For the Luzon Projects:	Telephone No.	Contact Person
NFA Central Office	(02) 312-1201	Ray Villacorta
NFA Cebuana City	(044) 600-0127	William Balbis
For the Visayas and Mindanao Projects:		
NFA Central Office	(02) 311-7103	Thelma de los Santos
NFA Gen. Santos City	(083) 554-5444	Diane Silva

NFA reserves the right to reject any or all bids, to waive any required formality in the bids received, provided that such waiver does not refer to a major deviation in a bid and to accept only such bids which are advantageous to the National Food Authority. NFA shall likewise assume no responsibility whatsoever to compensate or indemnify the bidders for any expense incurred in the preparation of their respective bid.

NFA assumes no responsibility whatsoever to compensate or indemnify the bidders for any expenses incurred in the preparation of their respective bid.

(Sgd.) JESSUP F. NAVARRO
Assistant Administrator for Stabilization and Chairman, BAC Luzon

(Sgd.) LUDOVICO J. MARINA
Assistant Administrator for Industry Development and Chairman, BAC Visayas and Mindanao

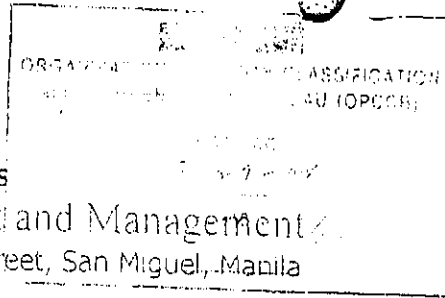
Supplies/Grant awarded to
8-2 Transit Municipal, Is. 7/5/04
18-12 Mardel Int'l Fair 8/2/04
10-3 Transit Municipal, Is. 7/5/04
15-11 Transit Municipal Is. 7/5/04

7-1 Transit Municipal 7/5/04
8-8 Transit Municipal 7/5/04
10-4 Goldstone District 9/6/04
10-2 Mayfield Inc. 8/2/04
11-5 Transit Municipal 7/5/04

5,020,000
12,479,987
6,354,000
10,538,440
1,377,000
6,170,000
6,538,440
7,407,000
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7,407,000
52,734,427
6,170,000
6,354,000
65,494,427
11,301,112



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Building I, General Solano Street, San Miguel, Manila



BUDGET CIRCULAR

No. 2004-5
March 23, 2004

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government, Including Local Government Units, State Universities and Colleges, Government-Owned and -Controlled Corporations, and All Others Concerned

SUBJECT : GUIDELINES ON THE GRANT OF HONORARIA TO GOVERNMENT PERSONNEL INVOLVED IN GOVERNMENT PROCUREMENT

1.0 PURPOSE

Section 15 of RA 9184 (Government Procurement Reform Act) provides:

"Section 15. Honoraria of BAC Members – The Procuring Entity may grant payment of honoraria to the BAC members in an amount not to exceed twenty five percent (25%) of their respective basic monthly salary subject to availability of funds. For this purpose, the Department of Budget and Management (DBM) shall promulgate the necessary guidelines."

This Budget Circular (BC) is issued to provide the guidelines on the grant of honoraria to government personnel involved in government procurement in accordance with said provision of law.

2.0 COVERAGE

This Circular shall apply to all national government agencies, and its instrumentalities, including Local Government Units (LGUs), State Universities and Colleges (SUCs), and Government-Owned and Controlled Corporations (GOCCs).

3.0 RATIONALE

Honoraria is a form of compensation granted to individuals owing to the performance of task(s) and/or involvement in activity(ies) beyond their regular functions. Equity calls for equal compensation for performance of substantially

5.0 FUNDING SOURCE

Agencies may retain fifty percent (50%) of their collections from:

- Sale of bid documents;
- Fees from contractor/supplier registry;
- Fees charged for copies of minutes of bid openings, BAC resolutions and other BAC documents;
- Protest fees;
- Liquidated damages; and
- Proceeds from bid/performance security forfeiture.

The amount retained shall be exclusively used for the payment of the honoraria authorized herein which shall not exceed 25% of the monthly salary of the employee entitled thereto and overtime pay as provided in 4.1 and 4.7. Any excess of the retained amount over the actual payments at the end of the year shall be remitted to the National Treasury.

6.0 SAVING CLAUSE

Cases not covered by the provisions of this Circular shall be referred to the Secretary of Budget and Management for resolution.

7.0 EFFECTIVITY

This Circular shall take effect immediately.


EMILIA T. BONCODIN
Secretary