

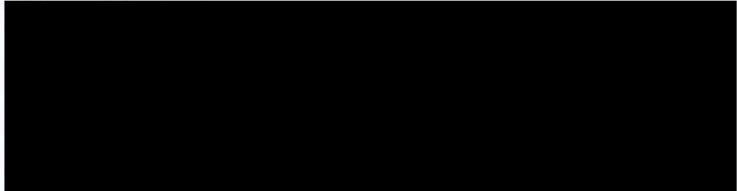


Republic of the Philippines  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**TECHNICAL SUPPORT OFFICE**



**NPM No. 54-2015**

9 October 2015



**Re: International Organization for Standardization  
(ISO) 14001:2004 Certification**

Dear 

This refers to your letter seeking our opinion on the reasonableness of requiring ISO 14001:2004 Certification<sup>1</sup> as a technical eligibility for the procurement of main/distribution pipes through public bidding.

It is represented that pursuant to Executive Order (EO) No. 301, Series of 2004<sup>2</sup>, Calbayog City Water District (CCWD), Calumpit Water District and fifteen (15) other water districts began imposing ISO 14001:2004 Certification as part of their pre-bidding technical eligibility or pre-qualification requirement. For this reason, you seek our opinion on the judiciousness of the said imposition by the different Water Districts.

**Pre-Qualification No Longer Required**

At the outset, please be informed that pre-qualification, *i.e.*, the process of evaluating prospective bidders' qualifications against the identified requirements for a bidding activity for purposes of determining their qualification to submit bids, has been abandoned by Republic Act (RA) No. 9184 and its revised Implementing Rules and Regulations (IRR). Instead of pre-qualification, procuring entities should adopt a simple eligibility check using non-discretionary "pass/fail" criterion as a means of determining the capacity or eligibility of a bidder to participate in a procurement activity.<sup>3</sup>

**Additional Eligibility Requirements**

For purposes of determining the eligibility of bidders, only the documents mentioned in Section 23.1 for Goods and Infrastructure projects, and Section 24.1 for Consulting

<sup>1</sup> ISO 14001:2004 specifies requirements for an environmental management system to enable an organization to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organization subscribes, and information about significant environmental aspects. [http://www.iso.org/iso/catalogue\\_detail?csnumber=31807](http://www.iso.org/iso/catalogue_detail?csnumber=31807) last accessed on 8 October 2015, 4:33pm.

<sup>2</sup> Establishing a Green Procurement Program for all Departments, Bureaus, Offices and Agencies of the Executive Branch of the Government.

<sup>3</sup> NPM 054-2013 dated 26 June 2013.

Services, of the IRR of Republic Act No. (RA) 9184 are required. A Procuring Entity (PE) cannot add to, or subtract from the identified list of eligibility requirements provided for under the rules. This is because the list of minimum eligibility requirements under the IRR of RA 9184 has already been streamlined<sup>4</sup> alongside the governing principle of government procurement, *i.e.*, a streamlined government procurement process<sup>5</sup>.

### **ISO Certification as part of the Technical Specifications**

Pursuant to Section 1 of EO 301, procuring entities of the Executive Department are directed to include environmental criteria in public tenders, *whenever possible and practicable*. In line with this, specifications and requirements may be established for products and services to be considered environmentally advantageous.

Technical specifications of a procurement project serve a twin-purpose. They present a clear statement of the required standards of workmanship, materials, and performance of the goods and services to be procured, and at the same time, permit the widest possible competition.<sup>6</sup> It needs to be set in a precise manner to identify the actual requirements of the PE, but should not be couched in terms that are too limiting that it becomes restrictive and violative of the principle of competition. In the specification of standards for equipment, materials, and workmanship, recognized Philippine and International Standards should be used as much as possible<sup>7</sup>. Since ISO Certification is one of the recognized international standards, it may be included in the technical specifications for a procurement project.

However, it bears stressing that in using ISO Certification as standard, the specifications must have a direct relation to the agency's needs *vis-à-vis* the goods or works to be procured that will satisfy the identified needs. In particular, the specification must be relevant and should serve a particular important purpose, and that the parameters required can be validly measured, tested, proven and/or confirmed. Additionally, the specifications should also state that equipment, materials, and workmanship that meet other authoritative standards, and which ensure that at least a substantially equal quality than the standards mentioned, will also be acceptable<sup>8</sup> to enhance competition among prospective bidders.

Accordingly, it is up to the procuring entity to prepare and craft detailed technical specifications in their bidding documents; and it is incumbent upon them to show that the specifications or conditions set forth are based on relevant characteristics and/or performance requirements. An ISO requirement may be acceptable so long as the procuring entity can show that this is necessary, imperative and relevant based on its needs, and that these standards can be validly measured, tested, proven and/or confirmed.

### **Summary**

All told, we wish to clarify the following:

1. Instead of pre-qualification, a simple eligibility check is adopted using a non-discretionary "pass/fail" criterion as a means of determining the capacity or eligibility of a bidder;

<sup>4</sup> NPM No. 79-2013 dated 20 September 2013.

<sup>5</sup> Section 3(c) of the IRR of RA 9184.

<sup>6</sup> Section VII, Technical Specifications, Philippine Bidding Documents for the Procurement of Goods.

<sup>7</sup> *Ibid.*

<sup>8</sup> *Id.*

2. A procuring entity cannot add another requirement to, nor delete any requirement from, the identified list of eligibility requirements under Sections 23.1 and 24.1 of the IRR of RA 9184; and

3. Whenever possible and practicable, an ISO Certification may be included in the technical specifications for a procurement project, provided that such requirement will not be too limiting that it becomes restrictive and violative of the principle of competition, and the standards required can be validly measured, tested, proven and/or confirmed.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

(sgd.)

~~DELMAR S. SANTIAGO~~  
Executive Director V *DS*

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