

04 January 2017

**TECHNICAL AND CONFERENCE INTEGRATOR
for the Hosting of the 2017 ASEAN Meetings**

This is in response to allegations of wrongdoing on the part of the Department of Budget and Management Procurement Service (DBM-PS), in relation to the procurement of goods for the hosting of the 2017 Association of Southeast Asian Nation (ASEAN) Meetings.

It should be noted at the outset that the allegations are baseless and unwarranted. They are not supported by any evidence, as indeed there is none. This is but an attempt on the part of the accusers to derail an otherwise lawful process, undertaken and completed in accordance with the applicable laws and rules.

The bidding of the requirement as “Goods” is in accordance with R.A. 9184, or the Government Procurement Reform Act (GPRA), and its IRR. There is no departure from the rules when the requirement was procured under the rules on “Goods”. As defined in Section 5(r) of the 2016 IRR of GPRA, “goods” pertain not only to supplies and materials, but also to general support services in the pursuit of a government undertaking, such as hosting the ASEAN Conferences.

More importantly, in **Non-Policy Matter Opinion No. 180-2015** issued by the Government Procurement Policy Board (GPPB), it was declared that the Procuring Entity, which is DBM-PS in this case, “is in the best position to determine, based on its primary purpose, motivation and intention, and on the nature of the contract, whether the

intended Project should be classified as goods or consulting services. xxx.”

The procurement was designed to be most advantageous to the government. Goods as a mode of procurement is not inferior to consulting services in this regard as they consider both quality and cost according to technical specification defined in the Terms of Reference (TOR). It is erroneous and misleading to say that procurement of goods is based solely on cost consideration.

It is argued that the needs for the APEC 2015 were bidden out as a requirement for consulting services. It should be pointed out, however, that the previous APEC hosting was held more than a decade prior to APEC 2015, and in a much smaller scale. Thus, the expertise of consultants was then required to accomplish the tasks necessary for the hosting of APEC 2015. The same is not true for the 2017 ASEAN Conferences. The organizers of the latter have already acquired the necessary expertise in hosting events of this nature, as in fact it has just been two years from the time of the APEC 2015. What the organizers presently need are goods and support services which may be supplied by interested bidders. Hence, the difference in the nature of the procurement.

The accusers would also want to impose upon the ASEAN National Organizing Council (NOC) the burden of managing not one, but four separate contracts for this hosting. Not only is this matter lodged within the sound discretion of the DBM-PS as procuring entity. It is also absurd, impractical, inefficient, and expensive, all to the detriment not only of the organizers and participants, but also of the Filipino people. The accusers would make it appear that they are exerting efforts to counteract what they portray to be corruption on the part of the DBM-PS,

when the truth of the matter is, they are the only one who stand to be benefit should their untenable position be upheld. For these reasons, the packaging of the bids for contracting purposes was considered by DBM-PS as a non-negotiable bidding parameter. In order for more eligible and qualified bidders to participate, DBM-PS relaxed the requirement for similar and single largest contract which must be at least 50% of the ABC. Bidding rules allows this and DBM-PS did not hesitate to do so, again, to ensure competition.

The TOR provides the full details of the contract requirements, not the title "*Technical and Conference Integrator for the Hosting of 2017 ASEAN Meetings*". The requirements identified in the TOR involve rental of equipment and rendition of services. Clause IV of the TOR specifically required the integrator to render design services, supply goods and furniture, and even construction of specific requirements. Moreover, a thorough review of the TOR would reveal that 86% of the requirements is actually lease or rent of equipment which obviously does not fall under consulting services. The title of the bidding/contract does not determine the requirements of the contract.

Again, in a mixed procurement and following the discussion above, PS as the procuring entity has been given the authority under existing rules to decide on how the same will be bid out- *i.e whether as Goods or Consulting Service*. These bidding parameters are decided in lengthy discussions between DBM-PS and ASEAN-NOC prior to advertisement in which time bidders are unknown and could not have deliberately excluded or favored anyone. It is thus categorically denied that the procurement of the

requirement as Goods was decided whimsically and arbitrarily.

To reiterate, the DBM-PS complied with all relevant laws and rules pertaining to the hosting of the 2017 ASEAN Meetings. Any entity which conducts bidding to procure an item will naturally want as many bidders to participate in such bidding as possible, to get better opportunities at procuring these items. However, there are qualifications and requirements to comply with under the law and applicable rules. It is incumbent upon the bidders who wish to participate in the bidding to comply with these qualifications and requirements. Should they fail to do so, as did the accusers in this case, it is not for the procuring entity to bend over backwards just to accommodate them. Bidding is a competition among equals in this sense. It should also be noted that considering the pertinent TOR, it may even be possible that other bidders could have participated.

It must be underscored that in addition to strict compliance to procurement rules, another paramount consideration in hosting the 2017 ASEAN Meetings should be given to the security, safety, and comfort of the Heads of State who will attend the momentous events. It cannot be overemphasized that given the circumstances under which the reins for this event had been handed over to the current administration, time is of the essence, and we are in short supply. It is imperative that preparations should already be well under way at this point, bearing in mind the sheer magnitude and significance of these events.

PS MANAGEMENT