



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA

CIRCULAR LETTER

No. 2018-12
November 21, 2018

- TO** : All Heads of Departments/Agencies/State Universities and Colleges (SUCs) including Commissions/Offices under the Constitutional Fiscal Autonomy Group (CFAG), and Government Owned or Controlled Corporations (GOCCs) Receiving Budgetary Support; Budget Support to Local Government Units; Heads of Finance and Planning Units; and All Others Concerned
- SUBJECT** : Clarifications on the Guidelines on the Conduct of Early Procurement Activities (EPA) for the Fiscal Year (FY) 2019 National Expenditure Program (NEP)
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1.0 PURPOSE

- 1.1 To clarify the Early Procurement requirement in relation to Administrative Order No. 25 Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information, and Reporting Systems (AO 25 IATF) Memorandum Circular No. 2018-1 dated 28 May 2018, (Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2018); and
- 1.2 To amend Section 4.5 of Circular Letter No. 2018-8, dated 30 July 2018 (Prescribing Guidelines on the Conduct of Early Procurement for the Fiscal Year [FY] 2019 National Expenditure Program [NEP]).

2.0 COVERAGE

- 2.1 All Heads of Departments, Bureaus, Offices and Other Agencies of the National Government, including State Universities and Colleges, Constitutional Commissions, Congress, The Judiciary, Office of the Ombudsman, Government-Owned-or-Controlled Corporations, Local Water Districts, and Local Government Units.

3.0 IMPLEMENTING GUIDELINES

- 3.1 In accordance with Section 7.1 of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act No. 9184, all planned procurement shall be

included in the Annual Procurement Plan (APP). Procuring Entities shall ensure that APPs and its corresponding Indicative APPs contain all the planned procurement for FY 2019, regardless of fund source or mode of procurement.

- 3.1.1 A Procurement Project shall refer to a specific or identified procurement covering goods, consulting services, or infrastructure projects. A Procurement Project shall be described, detailed, and scheduled in the Project Procurement Management Plan prepared by the agency which shall be consolidated in the Procuring Entity's APP.
 - 3.1.2 Procurement Projects included in the budget of an agency (source agency) but shall be released directly to another agency (recipient agency) pursuant to a special provision in the NEP (e.g. the Department of Education's Basic Educational Facilities for direct release to the Department of Public Works and Highways) shall form part of the Indicative APP of the recipient agency.
 - 3.1.3 Procurement Projects funded in the budget of an agency (source agency) which shall be implemented by another agency (recipient agency) shall be included in the Indicative APP of the recipient agency. Hence, the source agency should have entered into a Memorandum of Agreement with the recipient covering the Procurement Project, which shall be the basis for the conduct of EPA.
 - 3.1.4 Procurement Projects funded by forthcoming sub-allotments from the Central Office shall be included in the operating unit's Indicative APP. Hence, Central Offices shall inform their operating units on the schedule of implementation for these projects, which shall be the basis for the conduct of EPA.
 - 3.1.5 Procurement Projects that shall be undertaken through a procurement agent (e.g. DBM-Procurement Service) shall form part of the Indicative APP of the Procuring Entity.
- 3.2 To clarify the fifty percent (50%) Early Procurement requirement under the General Administration and Support Services Target (f) in Section 6.4(f) of the AO 25 IATF MC No. 2018-1¹, the term *volume* shall refer to the total number of planned Procurement Projects of the Procuring Entity based on the indicative APP supporting the EPA. This amends Section 4.5 of Circular Letter No. 2018-8.

¹ **Undertaking of Early Procurement for at least 50% of the value of goods and services based on the departments/agency's budget submitted to the Congress consistent with the NEP.** In transitioning towards annual cash-based budgeting, departments/agencies should subject at least 50% of the volume of their goods and services requirements for the FY 2019 operations to Early Procurement, short of award, from September to December 2018. Departments/Agencies should update their PhilGEPS postings for Early Procurement by posting the Approved Contract and Notice to Proceed in PhilGEPS on or before January 31, 2019. DBM shall soon be issuing a Budget Circular on this.

- 3.3 The total number of planned Procurement Projects shall include only those that comply with all of the following:
- 3.3.1 Funded through the FY 2019 NEP, including National Government projects fully funded through the Budgetary Support to GOCCs;
 - 3.3.2 Included in the FY 2019 Indicative Annual Procurement Plan – Non-Common-Use Supplies and Equipment (APP-Non CSE);
 - 3.3.3 EPA undertaken through Public Bidding, Limited Source Bidding, and Negotiated Procurement under Sections 53.1 (Two-Failed Biddings) of the 2016 IRR of RA 9184; and
 - 3.3.4 Intended to commence implementation during the first quarter of FY 2019.
- 3.4 A Certificate of Compliance (ANNEX A of this issuance, amending ANNEX B of Circular Letter 2018-8) indicating compliance by all Procuring Entities in the agency with the above-mentioned requirement under AO 25 IATF MC No. 2018-1, and a copy of the Indicative APPs showing the status of Early Procurement Activities (ANNEX A of Circular Letter 2018-8), shall be submitted to the Government Procurement Policy Board – Technical Support Office by 31 January 2019, in accordance with the timeline provided for in Section 10.6 of AO 25 IATF MC No. 2018-1. Submission of requirements shall only be through e-mail, via earlyprocurement@gppb.gov.ph.
- 3.5 For agencies with several Procuring Entities, compliance with the requirement shall be by every Procuring Entity. In addition, a copy of all the Indicative APPs of all Procuring Entities shall be included in the submission of the Certificate of Compliance via e-mail provided above.
- 3.6 Any request for extension to submit the above Certificate of Compliance shall be made to the AO 25 IATF for approval

4.0 EFFECTIVITY

This Circular shall be effective immediately upon publication and shall remain to be in force unless otherwise repealed or amended.


BENJAMIN E. DIOKNO
Secretary



ANNEX A

**CERTIFICATE OF COMPLIANCE
Early Procurement Activities**

I hereby certify that (NAME OF AGENCY) has successfully undertaken Early Procurement Activities for at least 50% of the eligible Procurement Projects based on the agency's Indicative Annual Procurement Plan/s consistent with the National Expenditure Plan for Fiscal Year 2019.

This Certification is being made in compliance with the General Administration and Support Services Target (f) of the Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2018 in the Administrative Order No. 25 Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information, and Reporting Systems Memorandum Circular No. 2018-1.

The undersigned attest to the accuracy of all information contained herein based on available records and information that can be verified with the (NAME OF AGENCY) and the Philippine Government Electronic Procurement System.

IN WITNESS HEREOF, I have hereunto affixed my signature on (DATE) in (CITY, PROVINCE), Philippines.

(NAME OF HEAD OF AGENCY)
(POSITION)

SUBSCRIBED AND SWORN to before me this (DATE), in in (CITY, PROVINCE), Philippines, with affiant exhibiting me his/her (GOVERNMENT-ISSUED ID) issued on (DATE OF ISSUANCE) at (PLACE OF ISSUANCE).

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