



**PHILIPPINE RURAL DEVELOPMENT PROJECT**

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# **OPERATIONS MANUAL**

## **Procurement Guidelines**

**(May 2014)**

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## Glossary

**Bid** – a signed offer or proposal to undertake a contract submitted by a proponent in response to and in consonance with the requirements of the Bidding Documents. For purposes of, and throughout this manual, the term “Bid” shall be equivalent to and be used interchangeably with “Proposal” and “Tender”.

**Bidder** – refers to an eligible bidder (i.e. contractor, manufacturer, supplier, distributor and/or consultant) competing for the award of a contract in any procurement by the PRDP.

**Bidding Documents** – the documents issued by the procuring entity as the basis for bids, furnishing all information necessary for a prospective proponent to prepare a bid for the infrastructure projects, goods and/or consulting services required by the procuring entity.

For PRDP, the harmonized bidding documents (December 2010 version or any later version that may be agreed by the Bank with the GPPB) shall be used.

**Bids and Awards Committee (BAC)** – the Bids and Awards Committee is responsible in managing the procurement for PRDP.

**Consulting services** – refers to services for PRDP requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the DA to undertake such as, but not limited to: (i) advisory and review services; (ii) pre-investment or feasibility studies; (iii) design; (iv) construction supervision; (v) management and related services; and (vi) other technical services or special studies. This includes Specialists/Consultants services needed at the National Program Coordinating Office (NPCO), Program Support Office (PSOs) and Regional Program Coordinating Office (RPCOs). In the interim, all personnel hired under this program are considered Specialists.

**Enterprise** - the subproject that will be funded by the PRDP I-REAP. It is the business venture that will be undertaken by the proponent or cluster of proponents (e.g., cooperatives, producer groups, small and medium processors, consolidators, exporters, etc.) drawn from the Provincial Commodity Investment Plan (PCIP).

**Enterprise Project Fund (EPF)** - refers to the I-REAP program fund consisting of the loan proceeds, the GOP counterpart and the LGU counterpart. This fund is intended to finance the goods, livelihood component and operating fund, among others required by the proposed enterprises along a priority commodity value chain.

**Goods** – include vehicles, office and information technology equipment, office furniture, software, IEC materials, GPS enabled phones, tools, devices, which may be needed in the implementation of PRDP or in the pursuit of any Project undertaking, project or activity. It include general support services, except consulting services and infrastructure projects, i.e. commissioning, hauling, installations of supplied equipment.

**Implementation Management Agreement (IMA)** – an agreement among PSO, RPCO and PLGU that spells out the implementation arrangements for all IREAP and I-BUILD sub-projects within a given period including the schedule of fund releases and liquidations.

**Infrastructure Subprojects** – includes the construction, improvement, rehabilitation, demolition, repair, restoration or maintenance of subprojects under the I-BUILD component and I-REAP (subprojects with civil works). For purposes of, and throughout this report and in the procurement manual, the term “Infrastructure Subprojects” shall have the same meaning as, and shall be used interchangeably with, “civil works” or “works”.

**Memorandum of Agreement (MOA)** – an agreement between the DA and the PLGU defining their roles and responsibilities relative to the overall program implementation. The MOA is the main document encompassing all PRDP components.

**Procurement** – the process of the acquisition of goods, consulting services and infrastructures by the Program **in accordance with the provisions of the PRDP Manual and World Bank Guidelines** (through its NPCO, PSO RPCOs and MLGUs/PLGUs), and the contracting for subprojects by the proponent Local Government Unit (LGU) and Producer Groups/Communities. In case of subprojects involving mixed procurement, the nature of procurement, i.e., goods, infrastructure projects, or consulting services, shall be determined based on the primary purpose of the contract.

**Procuring Entity** – refers to the agency responsible for the procurement of goods, consulting services and infrastructure projects.

**Program** – pertains to the Philippine Rural Development Program (PRDP).

**Proponent Group (PG)** – refers mainly to producer groups engaged in the proposed enterprise that have a legal personality. The PG could also be cooperatives, NGOs, small and medium processors, consolidators, exporters and other stakeholders in the value chain.

**Provincial Commodity Investment Plan (PCIP)** - a strategic plan that rationalizes the interventions within the various segments of the value chain of commodities that are of significance to the province and that will contribute to the national goals of the agriculture and fishery sector. It is 3-year rolling

consensus plan between the DA and PLGU based on the value chain analyses of these commodities conducted with strong participation of the various stakeholders. The PCIP will be the basis in identifying possible enterprises in which a province decides to make a package of investments that the DA will provide assistance, with adequate counterpart from the PLGU.

**Subproject** – refer to the interventions to be funded by the PRDP which have been prioritized in the Provincial Commodity Investment Plans (PCIPs) which have been developed using the Regional AFMPs. It includes infrastructure subprojects under Intensified Building-Up of Infrastructure and Logistics for Development (I-BUILD) and livelihood and enterprise subprojects under the Investment for Rural Enterprises and Agricultural and Fisheries Productivity (I-REAP) components.



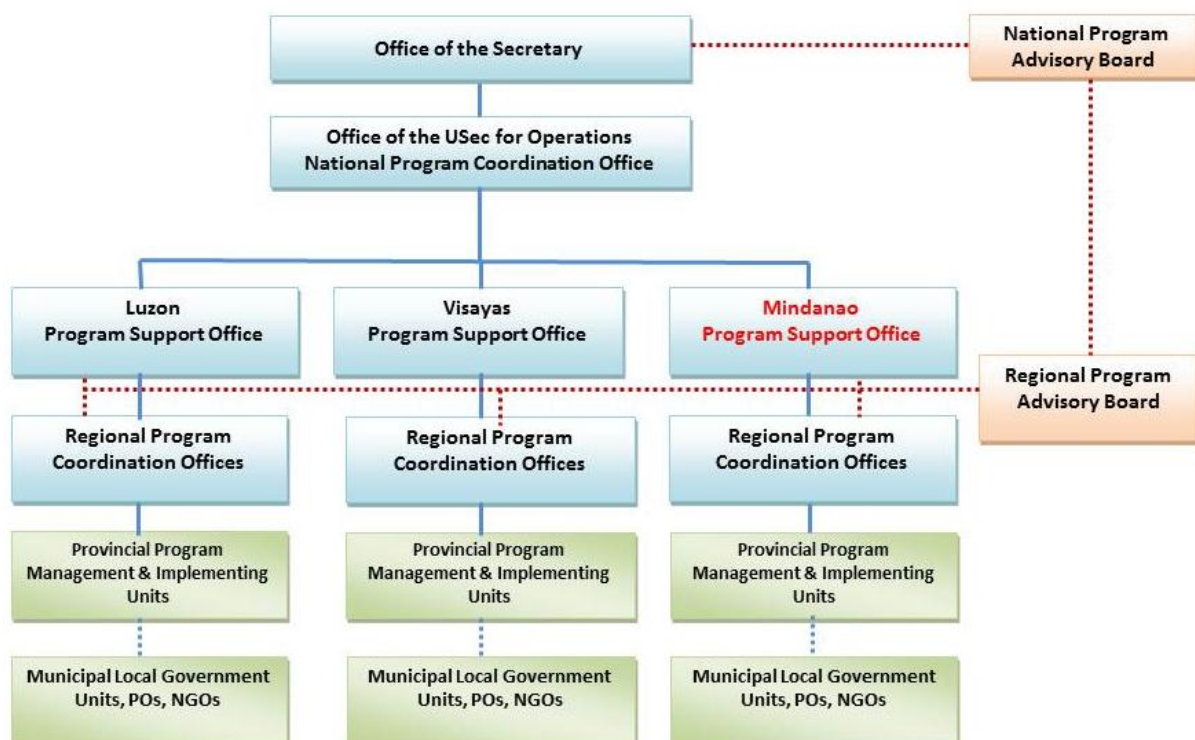
## I. Introduction

Impelled by the requirements of National Economic Development Authority (NEDA) to prepare the organization prior to the finalization and approval of the Loan Agreement between the Government of the Philippines (GOP) and World Bank (WB), and the authority granted to effect advance procurement not to exceed 40% of the total loan proceeds, this interim manual is hereby prescribed that will govern the procurement requirements.

The task of establishing the organization was given to the Undersecretary for Operations assisted by the Deputy Program Director for PRDP and creating the National Program Coordinating Office (NPCO).

Pursuant to Schedule 2, Section I C1 of the Loan Agreement, this Operations Manual for Procurement will give assistance and guidance to all those involved in the implementation of the PRDP. It stipulates the procurement methods and procedures.

The diagram below shows the Organizational Chart of the Philippine Rural Development Project:







## II. References

The provisions and procedures in this manual are based on the following:

1. Section 4, subsection 4.2 of the Republic Act No. 9184, otherwise known as the Government Procurement Reform Act and its Revised Implementing Rules and Regulations (IRR), cited as follows:

*“Any Treaty or International or Executive Agreement to which the GOP is a signatory affecting the subject matter of the Act and this IRR shall be observed. In case of conflict between the terms of the Treaty or International or Executive Agreement and this IRR, the former shall prevail.”*

2. Supreme Court decision dated June 8, 2007 (GR Nos. 175608, 175616 and 175659);
  3. Final PRDP Project Appraisal Document;
  4. Schedule 2, Section I C.1 (a) of the draft Loan Agreement;
  5. Section III, Schedule of the draft Loan Agreement;
  6. World Bank's "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"); and
  7. World Bank "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines");
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### III. Procurement Arrangements

#### a. Objectives

Procurement in PRDP aims to guide and facilitate the timely acquisition of goods, works and services in support to the Program implementation. As a result, it shall strengthen the procurement knowledge and capacity of the NPCO, PSOs, RPCOs, PLGUs/MLGUs and DA-RFUs through the use of a uniform, efficient and effective procurement processes/practices.

#### b. Scope and Coverage

The manual shall provide guidance to Procuring entities for the procurement of Goods, Works and consulting services for NPCO, PSOs, RPCOs, PLGUs/MLGUs and DA-RFUs.

#### c. General Guidelines

The Bank's fiduciary responsibility as laid out in its Article of Agreement requires the Bank to "ensure that proceeds of any loan are used only for the purposes for which the loan was granted, with due attention to considerations of economy and efficiency and without regard to political or other economic influences or considerations".

Procurement under the PRDP will be carried out in accordance with the following:

- the World Bank's "Guidelines for Procurement under International Bank for Reconstruction and Development (IBRD) Loans and Credits", January 2011 edition;
- "Guidelines for the Selection and Employment of Consultants by World Bank borrowers", January 2011 edition; and
- the provisions to be stipulated in the Loan Agreement.

Standard processes and procedures acceptable to the WB will be followed<sup>1</sup>.

#### d. Capacity building

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<sup>1</sup> National Competitive Bidding (NCB) will be conducted using the Philippine Bidding Documents (harmonized with Development Partners), 4th Edition, 2010.



#### d. 1. Capacity Assessment

The Procurement Capacity Assessment (PCA) conducted during Project Identification determined that the Department of Agriculture units in Mindanao, and MRDP2 participating LGUs have adequate experience and capacity to carry out procurement activities related to civil works. However, while the non-Mindanao DA offices and LGUs have the experience and capacity to carry out procurement under RA 9184, they have limited or no experience in procurement following the World Bank's procurement procedures.

This also means that procurement planning must take into account simultaneous procurement activities that may strain the limited capacities at the LGU and community levels. The large number of subprojects to be undertaken spread over an equally large number of regions and LGUs risk overstressing the operational capacities of RPCOs and the PSO to provide effective oversight, supervision, and technical assistance in the early years of the Program. Capacity building at all levels will be a priority activity in the initial or early years of the PRDP to achieve momentum for simultaneous procurement activities.

In furtherance of Capacity Assessment, the Procuring Entity may use the Agency's Procurement Compliance and Performance Indicators (APCPI) of the Government Procurement Policy Board (GPPB) as a tool for assessing its procurement performance.

Output as determined in the APCPI may be used as basis for the increase or decrease of the Procurement Entity's threshold.

Assessment of procurement performance shall be undertaken as follows:

- LGU's by the RPCO's;
- RPCO's by the PSO's; and
- PSO's by the NPCO.

#### d.2 Training

It will be necessary to carry out capacity building activities for all the Bids and Award Committee (BAC) on procurement processes at all levels (RFUs, PSOs, RPCOs, LGUs). The following



are the trainings already conducted by the PRDP-NPCO Procurement Unit:

- RFUs Nos. 4a, 4b, 5, 6, 7, and 8 undergone the training in September 2012;
- RFUs Nos. 1, 2, 3, and CAR have undergone training in Baguio City on February 2013;
- Training for the NPCO, PSO Luzon and PSO Visayas was conducted on September 2013 to cover procurement of goods and consulting services;
- Procurement Training for NPCO and PSO held on October 2013 at Subic, Zambales;
- Procurement Training for Works (I-BUILD) for Pilot PLGUs held on December 2013 at Quezon City;
- Training for the pilot PLGUs of Luzon, Visayas and Mindanao for the procurement of works was also conducted on December 2013;
- Procurement Training for PSO, RPCOs, and LGUs of Luzon A cluster held on March 2014 at La Union City;
- NPCO-PSO-RPCO I-REAP Coordination Meeting & Leveling Workshop held on 25-28 March 2014 at Baras, Rizal;
- Procurement Training (Works & Goods) for PLGU of Negros Occidental held on 25-28 March 2014 at Bacolod City;
- Procurement Training (Works & Goods) for PLGU of Oriental Mindoro held on 25 March 2014 at DA-OSEC, ITCAF Conference Room, Quezon City;

Meanwhile, the following trainings shall be conducted by the PRDP-NPCO:

- Procurement Training for PSO Visayas Cluster and RPCOs VI, VII & VIII on 7-9 May 2014 at Kalibo, Aklan;



- Procurement Training for Luzon B Cluster and RPCOS IV-A, IV-B & V on 19-23 May 2014 at Palawan;
- Procurement Training for PSO Mindanao in June 2014 at Mindanao;
- And other trainings as may be requested.

e. Procurement Plan

The Procurement Plan serves as a guide document in the procurement and contract implementation, as well as a vital reference in procurement monitoring. It also serves as an important tool in resource and financial management, enabling the Program to optimize the utilization of resources. Well-planned procurement will eliminate the practice of taking shortcuts and ensure that the procurement is done correctly and effectively. The Procurement Plan, including their updates, shall set forth at the minimum: (i) a brief description of goods, works, and/or consulting services required for the 3 PCA Conducted during July 25, 2012 to September 14, 2012 which covered 9 RFUs, 12 PLGUs and 5 MLGUs (RFU Nos. 5, 6, 7, 9,10, 11, 12, 13 and ARMM; PLGUs Iloilo, Bohol, Cebu, Albay, Camarines Sur, Misamis Oriental, Misamis Occidental, Compostela Valley, Davao Sur, Davao Oriental, and Davao Norte; MLGUs Ampatuan, Bacuag, Placer, Kiblawan, and Panabo.

Program implementation for which procurement action is to take place during the period; (ii) the proposed methods of procurement as permitted under the Loan Agreement; (iii) the World Bank review requirement and thresholds; and (iv) the time schedule for key procurement activities.

Detailed and comprehensive Procurement Plan, i.e. all contracts for which to take place in the first 18 (eighteen) months of project implementation and any updates thereafter.

In accordance with the objective of the project, only subprojects which are aligned with the regional and local agriculture and fishery modernization plans, following a value chain approach, will be eligible under the Program. Accordingly, the innovative approach implemented under MRDP2 on the use of geo-tagging will be adopted for PRDP. Hence only geo-tagged I-BUILD and I-REAP sub-projects will be included in the Procurement Plan. Geo-tagging shall also be used as a tool for facilitating transparency; bidders will have virtual access to the subprojects prior to bid opening. Subsequently, geo-tagging will be used to monitor progress of construction including mobilization and demobilization of construction equipment.



Procurement planning shall be carried out in accordance with the Work and Financial Plan, reflecting the project priorities and objectives for the budget period. This is in consideration of the scope of procurement per Procuring Entity.

f. Prior Review

No procurement shall be undertaken without prior review. Below is the presentation of Prior Review in matrix form:

**PRIOR REVIEW**

<b>PRDP PRIOR REVIEW REQUIREMENTS</b>						
<b>Category</b>	<b>Method</b>	<b>Threshold (Cost of Contract)</b>	<b>Prior Review by the World Bank</b>		<b>Prior Review by the NPCO</b>	
			Luzon & Visayas	Mindanao	Luzon & Visayas	Mindanao
Works	NCB	≥\$200,000.00	*All Subprojects to cost ≥ US\$5,000,000.00  *First Contract per cluster regardless of contract value	All subprojects to cost ≥ \$5,000,000.00	*All Subprojects to cost ≥US\$300,000.00 but ≤US\$5,000,000.00	All subprojects to cost ≥US\$1,000,000.00 but ≤US\$5,000,000.00
	Shopping	<\$200,000.00	All Rebidding		Endorsement of all Rebidding Subprojects to NPCO	
Goods	NCB	≥\$200,000.00 ≤ \$1M	All ICBs; All Goods Estimated ≥ \$500,000.00, All Direct Contracting,		Endorsement of all ICBs, Direct Contracting & Rebidding	
	Shopping	<\$200,000.00				



				and all Rebidding	
Consultancy Services	Firm	QCBS, FBS	≥\$200,000.00	* Contracts with firms estimated to cost ≥ US\$200,000.00 * All TORs, All Single Source Selection (SSS), and all re-Invitation	Endorsement of all Contracts, TORs and Re-invitation for WB Prior Review
		CQS, FBS	≤\$200,000.00		
	Individual	SIC	≤\$50,000.00		
Community Participation	(In Accordance with the MRDP CDD Manual)				

**CATEGORY, METHODS & THRESHOLD**

CATEGORY, METHODS AND THRESHOLD		
CATEGORY	METHODS	THRESHOLD (Cost Contract)
<b>WORKS</b>	National Competitive Bidding (NCB)	≥ US\$ 200,000.00
	Shopping	< US\$ 200,000.00
<b>GOODS</b>	NCB	≥US\$ 200,000.00 ≤ US\$ 1M
	Shopping/NCB	<US\$ 200,000.00
<b>CONSULTING SERVICES</b>	Quality Cost Based Selection (QCBS), Fixed Budget Selection (FBS)	≥US\$ 200,000.00
	Consultants Qualification Selection (CQS)/ FBS	<US\$ 200,000.00
<b>COMMUNITY PARTICIPATION</b>	In accordance with MRDP-Community Demand Driven(CDD) Manual adopted for PRDP	

g. Post-review

The Bank shall carry out procurement supervision missions to conduct post review of contracts that are not subject to the above prior review requirements on a frequency of every twelve (12) months. The procurement post-review should cover at least 20 per cent of the post-reviewed contracts.



Likewise, the NPCO and PSO shall also conduct post-review of contracts which are not covered on their prior review based on their approved threshold.

h. Bids and Awards Committee (BAC) and Procurement Unit

h.1 As adopted under the World Bank Guidelines, the BAC created under RA 9184 and its IRR promulgated by the GPPB shall be responsible for the procurement of requirements of the Procuring Entity.

h.2 A procurement unit shall be established in the NPCO, PSO and RPCO to assist the BAC.

The NPCO-Procurement Unit may compose of the following:

- Unit Head;
- Alternate Unit Head;
- Procurement Specialist/s;
- Procurement Officer/s;
- Associate Procurement Officer/s;
- Project Development Associate/s;

The PSO-Procurement Unit may compose of the following:

- Unit Head;
- Alternate Unit Head;
- Procurement Specialist/s;
- Procurement Officer/s;
- Associate Procurement Officer/s;

The RPCO-Procurement Unit may compose of the following:

- Procurement Officer/s;
- Associate Procurement Officer/s;

h.3 Professionalization of procurement function, mandated under Section 16 of RA 9184, requires all members of the BAC (Bids and Awards Committees), BAC secretariat and others who are involved in the PRDP procurement function to be certified as procurement professionals, which will be implemented through close partnership of the DA with GPPB. Activities will include: updating of DA procurement manual, training and certification





for DA staff, training and certification of LGU staff. The APCPI system will be the tool to measure the training result.

i. Specific Functions of Procuring Entities

i.1 A Procurement Unit for **National Program Coordinating Office (NPCO)** requirements shall have the following functions, in addition to assisting the BAC:

- i. Prepare the annual PRDP Procurement Plan integrating the consolidated annual procurement plans (APP) of PSOs and the consolidated regional annual procurement plans (RAPP) and endorse to World Bank for NOL issuance;
- ii. Responsible in providing technical assistance in the procurement of goods and services for use within the PSO and consulting services for a project-wide use or coverage (e.g. baseline studies, mid-term review/studies and others);
- iii. Consolidate procurement reports of the PSOs;
- iv. Review and issue NOL for proposed subprojects/contracts above and below the thresholds of concerned PSOs and WB;
- v. Check completeness of requirements and responsiveness of NOL requests and endorse to World Bank for NOL;
- vi. Responsible in preparing a Project-wide procurement report;
- vii. Provide technical assistance on procurement to the PSOs;
- viii. Responsible for ensuring consistency in the procurement procedures and sharing of procurement related experiences across PSOs and RPCOs; and
- ix. Perform other functions as deemed necessary by the Program.

i.2 **Program Support Office (PSO)** shall have the following functions:

- i. Oversee the implementation of procurement within the



- PSO and across RPCOs to ensure compliance to Project procurement policies and guidelines;
- ii. Consolidate the approved annual RPCOs annual procurement plans (RAPP) of RPCOs together with the PSO annual procurement plan and submit to PCO;
  - iii. Responsible in procuring goods and consulting services for the PSO and RPCOs;
  - iv. Consolidate and analyze procurement reports of the RPCOs; provide feedback to RPCOs for actions to be undertaken; and
  - v. Provide technical assistance to RPCOs in all areas of procurement to ensure that the procurement conditions defined in the Loan Agreement and guidelines are complied with;
  - vi. Check completeness and responsiveness of requirements of requests for no objection letters (NOLs) and endorsement to NPCO;
  - vii. As necessary, attend joint procurement reviews with RPCOs and LGUs and recommend appropriate measures based on the findings; and
  - viii. Perform other functions as deemed necessary by the Program.

i.3 **Regional Program Coordinating Office (RPCO)** shall have the following functions:

- i. Oversee the implementation of procurement within the RPCO and participating LGUs within the RFU to ensure compliance to Project procurement policies and guidelines;
- ii. Consolidate and review procurement plans of participating LGUs and ensure that subprojects proposed for procurement are geo-tagged;
- iii. Prepare the Regional Annual Procurement Plan (RAPP) integrating the consolidated procurement plans of LGUs;



- iv. Submit to the PSO the consolidated RAPP;
- v. Provide technical assistance to LGUs, and shall review LGU procurement actions;
- vi. Consolidate and analyze procurement reports of the LGUs; provide feedback to concerned LGUs for actions to be undertaken;
- vii. Contribute to the updating of the Annual Work and Financial Plan for the Project through review and updating of procurement plans and consolidation of procurement reports;
- viii. Attend procurement reviews with PSO and LGUs and recommend appropriate measures based on the findings;
- ix. Perform other functions as deemed necessary by the Program.

i.4 **Local Government Units (Province, Municipality and City)** shall have the following functions:

- i. Oversee the procurement within the LGU to ensure compliance to Project procurement policies and guidelines;
- ii. Prepare a procurement plan based on the their geo-tagged proposed subprojects;
- iii. Manage the procurement of proposed subproject; procurement planning, pre-procurement, posting and serving of ITBs/RFQs, pre-bidding conference, opening and evaluation of bids, request of NOL, award of contracts, contract administration and monitoring, and other activities relevant to the successful completion of subproject procurement;
- iv. In agreement with their respective PLGUs, MLGUs can serve as Procuring Entities for any proposed subprojects under I-BUILD and I-REAP components within their respective municipality. This arrangement shall form part of the sub-project implementation management agreement (SPIMA);



- v. Perform other functions as deemed necessary by the Program;

i.5 **Enterprise (CSOs, POs, Cooperatives, etc.)** shall have the following functions:

- i. As appropriate, enterprise may manage procurement in agreement with the concerned PLGU; and
- ii. Likewise, serve as implementing entity of relevant subproject/s as agreed in the Implementation Management Agreement (IMA).

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#### IV. Mode of Procurement for Works

- a. The default mode for works shall be **International Competitive Bidding (ICB)** subject to the following requirements:
1. The Government of the Philippines (GOP) as represented by the Department of Agriculture (“Borrower” for brevity) is required to prepare and submit to the World Bank (herein after referred to as “Bank”) a General Procurement Notice;
  2. The Bank will arrange for its publication in UN Development Business on line (UNDB on line) and on the Bank’s external website;
  3. Invitation to bid shall be advertised as Specific Procurement Notices in at least one newspaper of national circulation in the Borrower’s country; and
  4. The threshold is US\$1,000,000.00 and above.
- b. **Other Methods** for procurement of works (may be used as specifically indicated in the Procurement Plan.
- b.1 National Competitive Bidding (NCB)** under “World Bank Procurement Guidelines” is the competitive bidding procedure normally used for public procurement in the country of the Borrower, subject to the following conditions:
1. Subject to the provisions stated in the Loan Agreement;
  2. The threshold of contract is  $\geq$ US\$200,000.00 but not more than US\$1,000,000.00;
  3. Eligibility screening shall not be applied. However, bids that do not contain any of the following documents will not pass the documentary compliance check: (i) evidence of the required financial, technical or production capability; (ii) audited financial statements; (iii) credit line, or cash deposit certificate; (iv) bid security; and (v) authority of the bid signatory;
  4. In the case of pre-qualification, if any bidder is denied access to the bidding process for reasons unrelated to its financial and technical qualifications to perform the



contract, prior concurrence of the Bank shall be sought;

5. A ceiling may be applied to bid prices, with prior concurrence of the Bank in advance of bidding. However, the Approved Budget Estimate may be disclosed in the advertisement or in the bidding documents;
6. Domestic or regional preferences will not be applied in the evaluation of bids, and other preferences in effect in the Philippines will not be used except with prior concurrence of the Bank;
7. Suppliers and contractors will not be required to purchase only local goods or supplies or materials;
8. In case of contracts for prior review, modifications exceeding fifteen percent (15%) of contract amount and material changes in the conditions during implementation require prior Bank concurrence;
9. Foreign suppliers and contractors shall be allowed to participate, if interested, without first being required to associate with, or enter into joint venture with, local firms. Moreover, foreign bidders shall be allowed to bid, even without registration, licensing, and other government authorizations, leaving these requirements for after award and before signing of contract;
10. For works contract, the experience qualification requirement shall be: (i) at least one (1) previous contract at eighty percent (80%) of the estimated cost of the contract being procured; and (ii) an annual turn-over from all works averaged over the last three (3) years equal to one hundred percent (100%) of the estimated cost of the contract being procured.

Please see **Annexes “4” and “5”** for Procurement Timelines for NCB (Works) and Procurement of Goods using NCB, respectively.

**b.2 Shopping** is a procurement method based on comparing price quotations obtained from several contractors (in the case of civil works), with a minimum of three, to assure competitive prices, subject to the following conditions:



1. The threshold of contract is < US\$200,000.00;
2. After the issuance of No Objection Letter 1 (NOL1) by the concerned PSOs/RPCOs following the threshold under Item 2.6 of this manual.

Please see **Annex “6”** for Procurement Timelines for the Procurement of Goods using Shopping.

### **b.3 Community Participation Procedures**

*In accordance with MRDP-CDD Manual adopted for PRDP.*

### **b.4 Force Account**

Force account, that are works such as construction and installation of equipment and non-consulting services carried out by a procuring entity using its own personnel and equipment, may be the only practical method of procurement under specific circumstances. The use of force account requires that the Borrower sets maximum aggregate amounts for the use of Force Account, to which the Bank shall give its no objection, and applies the same rigorous quality checks and inspection as for contracts awarded to third parties. Force account shall be justified and may only be used, after Bank no objection, under any of the following circumstances:

- i. quantities of construction and installation works involved cannot be defined in advance;
- ii. construction and installation works are small and scattered or in remote locations for which qualified construction firms are unlikely to bid at reasonable prices;
- iii. construction and installation works are required to be carried out without disrupting ongoing operations;
- iv. risks of unavoidable work interruption are better borne by the Borrower than by a Contractor;
- v. specialized non-consulting services such as aerial surveys and mapping, as a matter of Borrower's law or official regulations for consideration such as national security, can only be carried out by specialized branches of the Government; or
- vi. urgent repairs to prevent further damages, requiring prompt attention, or works to be carried out in conflict affected areas where private firms may not be interested.



### b.5 Direct Contracting

Direct contracting is contracting without competition (single source) and may be an appropriate method under the following circumstances. The Borrower shall submit to the Bank for its review and no objection a sufficiently detailed justification, including the rationale for direct contracting instead of a competitive procurement process and the basis for recommending a particular firm in all such cases, except for contracts below a threshold defined on the basis of risks and the scope of the project, and set forth in the Procurement Plan.

- i. An existing contract for goods, works and non-consulting services, awarded in accordance with procedures acceptable to the Bank, may be extended for additional goods, works and non-consulting services of a similar nature. The Bank shall be satisfied in such cases that no advantage could be obtained by further competition and that the prices on the extended contract are reasonable. Provisions for such an extension, if considered likely in advance, shall be included in the original contract;
- ii. standardization of equipment or spare parts, to be compatible with existing equipment, may justify additional purchases from the original Supplier. For such purchases to be justified, the original equipment shall be suitable, the number of new items shall generally be less than the existing number, the price shall be reasonable, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to the Bank;
- iii. the required equipment is proprietary and obtainable only from one source;
- iv. the procurement of certain goods from a particular Supplier is essential to achieve the required performance or functional guarantee of an equipment, plant or facility;
- v. in exceptional cases, such as, but not limited to, in response to natural disasters and emergency situations declared by the Borrower and recognized by the Bank;

### b.6 Post Disaster Operations

In addition to the above procurement and selection procedure, the following may be applied for activities in the project





areas in Region 4a, 4b, 5, 6, 7 and 8, which were devastated by the October 2013 Earthquake and Typhoon Yolanda (Haiyan), and any other project areas that may be affected by future similar destructive calamities subject to mutual agreement of the Government and the Bank, within a period of three (3) years from the date the state of calamity was declared by the President of the Philippines. Detailed guidelines are included in the Procurement Manual for the project.

- **Direct Contracting.** Direct contracting for the procurement of civil works and goods (paragraph 3.7(a) and (e) of the Procurement Guidelines) may be used to extend an existing or award a new contracts in response to disasters. For such contracting to be justified, the Bank should be satisfied that the price is reasonable and that no advantage could be obtained by further competition. The direct contracting for goods and works may be from suppliers and contractors that are already mobilized and working in the emergency areas. Other goods as boats, fish nets, etc. that are immediately required for component 3 may be procured directly from suppliers or manufacturers in the neighboring islands or provinces.
  
- **Single-source Selection.** Single-source selection of consulting firms and individuals (paragraphs 3.9(b) and 5.4, respectively, of the Consultants Guidelines) may be used only if it presents a clear advantage over competition for the required consulting services. Firms that are already working in the emergency areas that have a proven track record in similar assignments may be the most suitable option for the post disaster activities. Consultants selected on a single-source basis may be given the right to participate in the future assignments under the same project provided that there is no conflict of interest with the task performed under the initial contract. However, for future or downstream assignments, any available information must be shared with all participating firms to ensure a level playing field.



## V. Selection of Consultants

### a. Preparation of Terms of Reference (TOR)

The borrower, through the DA, shall be responsible for preparing the TOR for the project. The scope of the services described in the TOR shall be compatible with the available budget. The TOR consists of the following sections:

- i. Background of the project;
- ii. Objectives of the assignment;
- iii. Scope of work;
- iv. Transfer of Technology/Knowledge (if necessary);
- v. List of reports or specific deliverables by the Consultant/s;
- vi. Timelines or period of performance, particularly schedule of submission of reports or completion of deliverables;
- vii. Data, local services, personnel, and facilities to be provided by the Borrower;
- viii. Institutional and organizational arrangement;
- ix. Qualifications of the consultants required whether individual or firm: for firms, the qualification of the project team leader and must be specified; and
- x. Approved budget ceiling, the terms of payment and the source of funds.

### b. Sectional Parts of the TOR

#### b.1 Background of the project.

The background of the project should summarize the main features of the project and describe the assignment's objectives and general purpose. Such may include the following:

- i. Name of the Proponent Office;



- ii. Project Location;
- iii. Rationale of the project;
- iv. List of relevant studies and basic data;
- v. Need for consultants in the project and issues to be resolved; and
- vi. Brief description of the activities to be carried out by the consultants.

### b.2 Objectives

The objective contains the expected output/results of the consultant. The objectives of hiring a consultant may include the preparation of development programs, determination of project feasibility, among others.

### b.3 Scope of Work

The Scope of Work shall detail all the main activities or tasks to be conducted by the consultants as well as the expected results. For non-phased implementation projects, the TOR should describe only the activities, not the approach or methodology by which the results are to be achieved, since these are the task or the proponents. Nevertheless, the scope of work of the TOR may provide suggestions on the approach or methodology by which the results are to be achieved, since these are the task or the proponents. However, the scope of work of the TOR may provide suggestions on the approach or the methodology that consultants could or should use to execute the project and, under certain selection methods, can indicate the estimated staff months required. If adherence to such suggestion is made by both parties, it must be indicated in the contract in order to bind both parties.

For phased implementation, the scope of work of the TOR should be more detailed for the first phase and the subsequent phases may be refined based on the output/outcome of the first phase.

In the TOR, the scope of work of the project is usually defined by addressing the following issues:



- i. Definition, scope, limits, and criteria of acceptance of the consultants;
- ii. Desired level of detail (level of design, accuracy, composition of cost estimates, and so forth);
- iii. Span of projections (time horizon, life span of project components);
- iv. Necessary comparison of the assignment with similar projects;
- v. Main issues to be addressed;
- vi. Alternative to be considered;
- vii. Necessary surveys, special analyses, and models;
- viii. Special equipment requirements;
- ix. Institutional and legal framework of the project;
- x. Transfer of knowledge, objectives, and scope;
- xi. Language requirements;
- xii. Units of measurement to be used;
- xiii. Needs for continuity, such as data gathering; and
- xiv. Quality management requirement (if needed).

#### b.4 Transfer of Technology (as applicable).

If transfer of knowledge and training are required as part of the assignment, the end-user or proponent office shall decide whether to include a training program in the TOR and indicate that if such format is copyrightable, the ownership thereof shall be in favour of the Program.

Thus, if a training program is included, additional time and budget may be allocated.



b.5 Timelines or Schedule of Deliveries.

It should contain the estimated duration of the assignment, from the date of commencement to the date of end-user or proponent office receives and accepts the consultant's final report on a specified completion date. Other dates may be considered provided it shall be duly contained in the contract – for example, the date of effectiveness of the contract.

- **Required Report.** The TOR should clearly define the output and deliverables required from the consultant, such as reports, maps, drawings, software, etc. It may indicate the format, frequency, type (audio, VCD, CD, etc.) and content of reports as well as the number of copies, the language, and the names of the prospective recipients of the reports. For all major reports, an executive summary may be requested from the consultant/s. All reports/output in whatever form shall be the property of DA.
- **Institutional Requirements.** The TOR shall clearly specify to whom the consultant will report to (the institutional arrangements for the supervision of consulting work). Additionally, the TOR shall include the facilities and counterpart staff to be provided or designated by the end-user or proponent Office.

This includes the surrounding assignment; indicate the roles and responsibilities of everybody involved; and specify the type, timeframe, and relevance of everyone's participation, including the Project's Office. The TOR should define the hierarchy and level of authority of counterpart personnel as well as the requested level of experience of the proponent office's personnel who will form part of the consultant's team.

- **Qualifications of Consultants.** Consultants may be hired individually or through a firm depending upon the requirements of the project. For individual consultants, they are normally employed or assigned when teams of personnel are not required and/or no additional outside professional support is required and the experience and qualifications of the individual are the paramount requirement. Individual Consultants are selected based on their expertise and qualifications, such as:



- i. Academic background;
- ii. Expertise ;
- iii. Experience
- iv. Capability to transfer knowledge or technology
- v. Personality traits
- vi. Other specific requirements as may be indicated by the Proponent Office such as books written, manuscript published, among others.

For consulting firms, the expertise and experience of the Firm related to the assignment, as well as the qualifications and competencies of the key staff for the assignment must be indicated in the TOR and no individual consultants can participate.

#### c. Remuneration and Terms of Payment

The payment of remuneration of Consultants may be time-based or lump-sum.

1. **Time Based** is used when hiring a consultant for complex assignments for which remuneration is being determined on the basis of the time actually spent by the consultant in carrying out the services. Payment may be made monthly for specified period of time.
2. **Lump-sum Remuneration** is used when hiring a consultant to provide services for an agreed predetermined lump-sum price based on specific deliverables. The schedule of payments is linked to the delivery of certain outputs.
3. **On Remuneration** (based on WB Guidelines and Comparative Data from similar foreign assisted projects)



d. Procurement methods for consulting services (based on WB Guidelines and terms of the Loan Agreement):

- i. Quality and Cost-Based Selection (QCBS);
- ii. Selection under Fixed Budget (FBS);
- iii. Selection based on Consultants Qualifications (CQS);
- iv. Selection of Individual Consultants (SIC);
- v. Single Source Procedure for the Selection of Individual Consultant; or
- i. Single Source Selection for firm (SSS);

d.1 **QCBS** - this method uses a competitive process among short-listed firms that takes into account the quality of the proposal and the cost of the services in the selection of the successful firm. Cost as a factor of selection shall be used prudently. The comparative weight must be given as to the quality and cost for each case depending on the nature of project. It is the method most commonly recommended for selecting consultants for World Bank funded assignments

The following considerations using the QCBS are as follows:

- The type of service required is common and not too complex;
- The scope of work of the project can be precisely defined and the Terms of Reference (TOR) are clear and specified;
- The Borrower and the consultants can estimate with reasonable precision the staff time, the project duration and the other inputs and cost required of the consultant(s);
- The risk of undesired downstream impacts are quantifiable and manageable; and
- The capacity building program is attainable and feasible as it is easy to estimate in duration and staff time effort.

QCBS is appropriate, but not limited to, the following projects:

- Feasibility studies and designs wherein the project is simple and well defined. Known technical solutions are being considered, and the evaluation of the



impacts from the services or from design mistakes are not substantial and not difficult to estimate;

- Preparation of bidding documents and detailed designs;
- Supervision of the construction of works and installation of equipment;
- Technical, financial, or administrative services;
- Procurement and inspection services; and
- Other engagements that qualifies the above considerations

The selection process/procedure for Quality and Cost Based Selection of Consultants shall include the following steps:

- i. Preparation of the TOR;
- ii. preparation of cost estimate and the budget;
- iii. advertising;
- iv. preparation of the short list of consultants;
- v. preparation and issuance of the Request for Proposal (RFP) [which should include: the Letter of Invitation (LOI); Instructions to Consultants (ITC); the TOR and the proposed draft contract];
- vi. receipt of proposals;
- vii. evaluation of technical proposals: consideration of quality;
- viii. public opening of financial proposals;
- ix. evaluation of financial proposal;
- x. final evaluation of quality and cost; and
- xi. negotiations and award of the contract to the selected firm.

**d.2 Selection under a Fixed Budget (FBS).** This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed.

This method is appropriate only when the assignment is simple and can be precisely defined and when the budget is fixed. The RFP shall indicate the available budget and request the consultants to provide their best technical and financial proposals in separate envelopes, within the budget. The TOR should be particularly well-prepared to make sure that the budget is sufficient for the consultants to perform the expected tasks. The RFP shall clearly indicate whether the budget includes





taxes or levies payable in the Borrower country, and the price of any inputs provided by the client. The evaluation of all technical proposals shall be carried out first as in the QCBS method. Then the financial proposals shall be opened as stipulated in paragraph 2.23 of the World Bank's Consultant Guidelines. Proposals that exceed the indicated budget shall be rejected. The consultant who has submitted the highest ranked technical proposal among the rest shall be selected and invited to negotiate a contract. FBS is appropriate only when:

- The budget cannot be exceeded
- The objective and the TOR, including the scope of work, are precisely defined;
- The time and staff-month effort required from the consultants can be assessed with precision; and,
- Capacity building is limited to a simple transfer of knowledge that can be easily estimated

To reduce the financial risk of consultants and to avoid receiving unacceptable technical proposals (or none at all), FBS must be used only for well define and simple assignments. FBS is frequently used when there is lack of flexibility in the allocation of funds, and when funding is available only in fixed amounts from pre-established allocation such as trust funds.

Typical assignments awarded under FBS include:

- Studies and surveys of limited scope;
- Not too-complex pre-feasibility studies and reviews of existing feasibility studies;
- Review of existing technical design and bidding documents;
- Project identification activities for which the level of detail can be matched with available funds

Under FBS, consultants are requested to submit their technical and financial proposal in separate envelopes. Technical proposals are evaluated first, using the same procedures followed for QCBS and then the financial envelopes are open in public. Because the Lump-Sum Form of Contract is often used for assignment under FBS, no corrections may be made to the financial proposals. Proposals that exceeded the indicated budget are discarded. The consultant who has submitted the highest ranking technical proposal among the remaining proposals is selected. Financial negotiation will not



include discussion of remuneration rates and of other unit rates but only of minor rearrangements of activities and staff for compatibility with the work plan and clarification of any tax liability.

Selection Process using FBS:

- i. Developing the Terms of Reference (TOR)
- ii. Estimating Cost and Setting the Budget
- iii. Publication of Request of Expression of Interest (REOI)
- iv. Shortlisting of Consultants
- v. Preparation of Request for Proposal (RFP)
- vi. Submit RFP & shortlist
- vii. Issuance of No Objection Letter 2 (NOL2) & sending of RFP
- viii. Technical & Financial Proposal
- ix. Submission of Technical Evaluation Report (TER) to WB
- x. Issuance of NOL3
- xi. Opening of the Financial Proposal.
- xii. Submission of the Final Evaluation Report (FER) to WB
- xiii. Issuance of NOL4
- xiv. Negotiation of Award
- xv. Submission of Draft Contract to WB & NOL5
- xvi. Contract & Notice to Proceed (NTP)
- xvii. Start of the assignment

For Procurement timelines for the Procurement of Consulting Services using FBS, please see **Annex “7”**.

#### **d.3 Selection based on Consultant’s Qualification (CQS)**

The Selection Based on Consultant's Qualifications (CQS) method applies to small assignment for which the cost of a full-fledged selection process would not be justified. Under the CQS, the Borrower first request expression of interest and qualified information relating to the experience and competence of the consultants relevant to the assignment.

The Borrower evaluates the information, establishes a shortlist, and then selects the firm with the best qualifications and references among those who confirm to be willing to submit a proposal if selected. The selected firm is sent the RFP (including the TOR), asked to submit technical and financial proposals, and invited to negotiate the contract if the technical proposal proves



acceptable.

The CQS method can substantially reduce the process cost for the Borrower and the consultants, as well as the time needed to hire a consultant.

Selection Process using CQS:

- i. Developing the Terms of Reference (TOR);
- ii. Estimating Cost and Setting the Budget;
- iii. Publication of REOI;
- iv. Shortlisting of Consultants;
- v. Preparation of Request for Proposal (RFP);
- vi. Send RFP to the Selected Consultant;
- vii. Prepare and submit Technical & Financial Proposal;
- viii. Negotiations and Award of Contract;
- ix. Start of the Assignment.

For Procurement Timelines for the Selection based on Consultant's Qualification (CQS), please see **Annex "8"**.

#### d.4 Selection of Individual Consultants (SIC)

Individual consultants are employed on assignments for which (a) a team of experts is not required, (b) no additional outside (home office) professional support is required, and (c) the experience and qualifications of the individual are the paramount requirement. When coordination, administration, or collective responsibility may become difficult because of the number of individuals, it would be advisable to employ a firm.

Individual consultants are selected on the basis of their relevant experience, qualifications, and capability to carry out the assignment. The selection shall be carried out through the comparison of the relevant overall capacity of at least three qualified candidates among those who have, directly or through a firm, expressed interest in the assignment or have been approached directly by the DA.

##### d.4.1 SIC for Technical Personnel and Staff

During the interim, all PRDP hired technical personnel and staff are considered to be specialist and the method of



procurement shall be SIC.

The Selection Process to be carried out by the Department of Agriculture includes the following step:

- i. Preparation of the TOR of the assignment;
- ii. Preparation of the cost estimate;
- iii. Public Invitation of Consultants' expression of interest (EOIs);
- iv. Submission of CVs & Application Letter/LOI;
- v. Evaluation/Comparison of CVs;
- vi. Conduct of Examination and Interview;
- vii. Resolution of Award;
- viii. Signing of Contract;
- ix. Notice to Proceed.

#### **d.4.2 Single Individual Consultant (short-term consultant)**

Selection Process:

- i. Preparation of the TOR of the assignment;
- ii. Preparation of the cost estimate;
- iii. Public Invitation of Consultants' expression of interest (EOIs);
- iv. Submission of CVs & Application Letter/LOI;
- v. Evaluation/Comparison of CVs;
- vi. Determination of the best qualification;
- vii. Negotiation & Signing of Contract between the Borrower and the Consultant;
- viii. Issuance of NTP.

Please see **Annex "9"** for Procurement Timelines for the Selection of Individual Consultant

#### **d.5 Single Source Procedure for the Selection of Individual Consultant**

This is the case when:

- The assignment represents a natural or direct continuation of a previous one awarded competitively and the performance of the incumbent consultant has been good or excellent;
- The consultant's prompt availability is essential and requires down streaming of work;



- The contract is very small in value; or
- The Individual Consultant has the sole qualification and experience required to carry out the assignment.

#### d.6 **Single-Source Selection for a firm (SSS)**

Single-Source Selection is to be considered when competition appears unlikely to add significant value to the choice of the consultant. Under this election method, the Borrower requests that an already identified candidate prepare technical and financial proposals, which are then negotiated. Because there is no competition, this method is acceptable to the Bank only in exceptional cases and should be adopted only when it offers obvious advantages over a competitive.

This is the case when:

- i. the assignment represents a natural or direct continuation of a previous one awarded competitively and the performance of the incumbent consultant has been good or excellent;
- ii. the consultant's prompt availability is essential (for instance, in emergency operations following a natural disaster, a financial crisis, and so forth);
- iii. the contract is very small in value; or
- iv. only one consulting organization has the qualifications or experience required to carry out the assignment.

If continuity of work by the incumbent for a downstream assignment is essential to the project and is in the interest of the Borrower, the RFP for the original assignment should indicate this possibility (para. 3.11 of the *Consultant Guidelines*). Good or excellent performance in the first assignment has to be a precondition for contract continuation. In these cases, the Borrower should weigh the importance of continuing with the same technical approach, the experience acquired, and the continued professional liability of the incumbent against the benefits of competition, such as fresh technical approaches and competitive remuneration rates. In these cases, consideration of the time and cost of a competitive round has to be fully accounted for, because it may weigh considerably on the Borrower's decision.

Once the Bank agrees to an SSS for a continuation, the Borrower should ask the consultant to prepare technical and financial proposals based on the TOR prepared by the Borrower or by an independent



expert with no relation to the incumbent. This is the basis for negotiating a continuation contract.

Normally, the Bank will not agree to award a continuation contract on an SSS basis if the initial assignment was not awarded competitively, it was awarded under tied financing or reserved procurement, or the downstream assignment is substantially larger in value than the initial one. In these cases, a competitive process acceptable to the Bank should be adopted, and normally the incumbent consultant should not be excluded from consideration if it expresses interest, unless its previous performance has been unsatisfactory. The Bank makes exceptions to this rule only in special cases and if a new competitive process is not practical.

Selection of Consultants for any consulting services for the PRDP is guided by the "Guidelines for the Selection and Employment of Consultants by World Bank Borrowers", January 2011 edition. Procuring Entities shall abide to the World Bank policy on the selection of consultants, as indicated in the Consultants Guidelines, guided by the following principles:

- High quality of services;
- Efficiency and economy;
- Competition among qualified consultants from all eligible countries;
- Participation of national consultants;
- Transparency.

Depending on the objectives and characteristics of the assignment, the Procuring Entity (PE) should indicate in the Procurement Plan, the selection method and procedure that are likely to provide the best possible balance on these principles, whereby the quality of the services remains the primary objective of any selection. The rights and the obligation of the Procuring Entity and the Consultant are governed by the Request for Proposals (RFP) issued by the Procuring Entity and the contract signed by the PE with the Consultant. The Procuring Entity is responsible for selecting, evaluating, awarding and supervising the consultant under the assignment and for complying the rules laid down in the Procurement Plan. The Bank reviews the hiring of consultants by the PRDP to verify the selection process is carried out in accordance with the provisions in the Guidelines and it monitors the work of consultants during execution to make sure that it is being carried out according to appropriate standards and is based on acceptable data.



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Consulting services for I-PLAN, I-REAP, I-BUILD and I-SUPPORT shall be procured through the above-method of procurement.

The Procurement Plan shall specify the circumstances under which such methods may be used.



## VI. Procurement Guidelines for the I-SUPPORT Component

The I-SUPPORT component would provide the overall management and implementation support mechanisms for the above components. The component provides for functional and efficient program support mechanisms that would ensure smooth implementation of the Program across components, across regions and including support for stakeholder engagement. The component will ensure that enhancement and updating of Operations Manuals and guidelines for I-PLAN, I-BUILD and I-REAP including procurement will be done.

### a. Procurement of Goods

Goods amounting US\$1,000,000 and above per contract will be procured following the World Bank procedure for International Competitive Bidding (ICB).

Contracts estimated to cost US\$200,000 equivalent and above but not more than US\$1,000,000 will be procured through National Competitive Bidding (NCB). Procurement for off-the-shelf goods and small value contracts costing below \$200,000 will be awarded based on shopping procedures, by comparing price quotations obtained from at least three suppliers. Canvass forms and / or Request for Quotations shall be advertised in the PhilGEPS.





## VII. Procurement Guidelines for the I-REAP Component

The Investment for Rural Enterprises and Agricultural and Fisheries Productivity (I-REAP) component has two subcomponents: (a) Subprojects for Rural Agri-fishery Enterprise and Productivity Enhancement Support; and (b) Technology, Information, Enterprise and Market Development support.

Goods and works requirement for the private sector beneficiaries estimated to cost in excess of US\$ 100,000 may be procured following NCB procedure acceptable to the Bank.

### a. Procurement Arrangement under the I-REAP component

The infrastructure aspect of subprojects under the I-REAP component shall be procured by the concerned LGU using the procurement methods and thresholds similar to I-BUILD component. The I-BUILD will review the Detailed and Engineering Design (DED) and quality control for all infrastructure subprojects under I-REAP prior to the issuance of the NOL1. There will be no PWS subproject under I-REAP that will be funded.

Subproject under I-REAP may compose various procurement packages considering the nature of enterprise productivity development. Three modalities shall be considered in the conduct and management of procurement under I-REAP component; 1) PLGU managed procurement; or 2) Proponent Group (PG) managed procurement; 3) Commercial Practices acceptable to the Bank.as described below.

The PG may manage procurement of goods, works and services. This will depend on the established procurement capacity of the Enterprise (e).The basic requirement/capacity of an enterprise to manage the procurement within the above threshold shall include formation (if no existing procurement committee) of bidding/procurement committee, experience and knowledge on procurement/purchasing, and should have attended the procurement training under the PRDP.

The LGU shall manage the procurement of Goods and Works for contracts above US\$50,000.00 including contract below said threshold where Enterprise does not have the capacity to manage the procurement. Appropriate procurement arrangements should be made clear in the Sub-Project Implementation Agreement.

For consulting services under the I-REAP component, the PSO shall handle the procurement following the selection procedures set in Section 1.12.1.2, selection of Consultants of this manual.



Procedures of Community participation in procurement shall follow the existing MRDP CDD Manual. Community participation includes a broad spectrum of activities to be undertaken with the direct participation and financial contribution of the beneficiaries. The main purchases to be made will consist of construction materials for works, equipment and supplies. The grouping or packaging of these purchases may not be feasible because they involve different operators and scattered beneficiaries. Procurement of goods and works under this are expected to be small, lower than US\$20,000.00.

b. Commercial Practices

b.1 For details in the First Call for Proposals: Request for Eligibility Guidelines Phase I, please refer to Annex “3” of this Manual.

b.2 For details in the Second Call for Proposals Guidelines Phase II, please refer to Annex “3.1” of this Manual.

b.3 The table matrix for the Selection Criteria for Shortlisting for Call for Proposal is herein referred to as Annex “3.2” of this Manual.

c. Procurement by Community Force Account (CFA)

Goods and Works required for the subproject that are estimated to cost US\$20,000 or less per contract will be procured through community force account in accordance with procedures acceptable to the Bank.

Below are the procurement activities and indicative timelines for CFA for Goods (Table 3-9).

**Table 3-9. Procurement timeline – CFA for Goods (I-REAP)**

Procurement and contracting	28 days
1. PMIU prepares and submit procurement plan	3 days
2. PMIU holds pre-procurement conference with RPCO	1 day
3. PMIU submits Goods Documents together with Technical Specifications to RPCO	5 days
4. RPCO reviews and approves Goods documents	3 days
5. PMIU makes request for CAF	3 days
6. RCPO endorses CAF request to PSO	3 days
7. PSO processes and releases CAF	5 days



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8. PMIU issues Notice-to-Proceed to PO	1 day
9. PO orders the goods from supplier	1 day
10. PO and PMIU jointly inspect the goods delivered	5 days
11. PO processes payment to supplier	1 day
12. PMIU processes payment to supplier	2 days



## VIII. Advance Procurement Action and Retroactive Financing

The Loan is expected to be presented to the World Bank Board by July 2013 and declared effective by September 2013. Procurement of I-BUILD subprojects, in the estimated aggregate cost of US\$ 15.74 million under retroactive financing is in the award stage and US\$33.83 Million under technical review. To accelerate project implementation, the Department of Agriculture and the partner LGUs proceeded with the initial steps of procurement before signing the related agreement with the Bank. The procurement, including advertising, shall be carried out in accordance with Bank's

Guidelines for these contracts and any other procurement that commenced before project effectiveness in order for the contracts to be eligible for Bank financing. The prior review process by the Bank shall also be followed.

Retroactive financing is possible as long as the procurement procedures followed are in line with that of the project and the sub-project eligibility criteria are satisfactorily met. Payments made within 12 months before the signing of the Loan Agreement would be eligible for retroactive financing and the total retroactive financing can be up to 10 per cent of the total loan amount.



## IX. Geo-tagging of Subprojects

Subprojects Identified and prioritized for financing under the Program will be geo-tagged. Geo-tagging shall be used as well in increasing transparency hence bidders will have access to the subprojects for a virtual visit prior to bidding. Accordingly, geo-tagging will be used to monitor progress of construction, confirmation of mobilization of equipment, etc.