



# Technical Assistance Consultant's Report

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## **PHILIPPINES: Case study on The Philippine Government Electronic Procurement System (PhilGEPS) (Financed by R-CDTA 7437: Asia Pacific Procurement Partnership Initiative)**

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## List of Acronyms and Abbreviations

|          |   |
|----------|---|
| ADB      | Asian Development Bank                              |
| ASTI     | Ayala Systems and Technology, Inc.                  |
| BAC      | Bids and Awards Committee                           |
| BIR      | Bureau of Internal Revenue                          |
| COA      | Commission on Audit                                 |
| CoST     | Construction Sector Transparency Initiative         |
| DBM      | Department of Budget and Management                 |
| DBP      | Development Bank of the Philippines                 |
| DTI      | Department of Trade and Industry                    |
| EO       | Executive Order                                     |
| EPS      | Electronic Procurement System                       |
| GOCC     | Government owned and/or controlled corporations     |
| GFI      | Government Financial Institutions                   |
| GPPB     | Government Procurement Policy Board                 |
| GPRA     | Government Procurement Reform Act                   |
| ICT      | Information Communication Technology                |
| IRRs     | Implementing Rules and Regulations                  |
| LGU      | Local Government Units                              |
| MPI      | Material Project Information                        |
| NGAs     | National government agencies                        |
| PhilGEPS | Philippine Government Electronic Procurement System |
| PS       | Procurement Service                                 |
| RA       | Republic Act  |
| SEC      | Securities and Exchange Committees                  |
| SLA      | Service Level Agreements                            |
| SME      | Small and Medium Enterprises                        |
| SUCC     | State Universities and Colleges                     |
| TIN      | Tax Identification Number                           |
| WB       | World Bank  |

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## **EXECUTIVE SUMMARY**

The Internet has offered governments and organizations a new channel to deliver services and information in a more open and cost efficient manner. Many countries including the Philippines have taken advantage of the Internet and have developed new applications services for the delivery of government services including electronic procurement systems. The Philippine government established its own electronic procurement, the PhilGEPS, as part of its initiatives to modernize the procurement process and achieve greater transparency.

The PhilGEPS started as a pilot system for the purchase of common-use supplies, materials and equipment. By operating the service, the government was able to gain a better understanding of the design and architecture requirements, evaluate the business model, identify strategies for operation and evaluate funding sources in preparation for the construction of its own system. The PhilGEPS was launched using a phased approach to give time to introduce, educate, train and support government agencies and suppliers. It adopted a government managed service with the back end system outsourced to a third party provider. This business model was seen to be the most viable option to mitigate the risks associated with development and delivery and the difficulty in recruitment and retention of technical expertise required for the system under government rules and regulations. Under the Government Procurement Reform Act(GPRA) that was passed in 2003, the PhilGEPS became the single portal to serve as primary source of all government procurement information.

The current service (phase 1) has three features – an electronic bulletin board, a supplier registry and an electronic catalogue. By the end of 2011, it will be rolling out phases 2 to 5 that includes an expanded supplier registry, an e-payment facility, an e-bidding facility and a virtual store. It is also planning to implement user fees to address its long term sustainability.

Many stakeholders are benefiting from the pilot of the PhilGEPS. The government has saved over P564 million in advertising costs alone. It is also getting better prices and substantial savings in administrative procurement costs and time. Suppliers find the PhilGEPS to be a cost effective and efficient way of doing business with government. It is also providing greater opportunity for small and medium enterprise participation.

While its user base is growing and some success have been achieved in implementation, many challenges continue to be experienced by PhilGEPS. These include e-readiness of buyers and suppliers, achieving 100% registration for government agencies and its suppliers, compliance to posting of bid opportunities, awards and other procurement information that impact on the quality of the content, the growing training need, the delays in the release timelines for additional functionalities, policy gaps, lack of flexibility in the PhilGEPS organization that is limiting ability to respond to its expanding user base and the sustainability of operations in the long run.

PhilGEPS will expand towards getting full value of its content and maximizing its system architecture by adding critical components such as those in supply chain planning and management, procurement performance measurement and monitoring that contribute to increased workflow integration and transparency.

# The Philippine Government Electronic Procurement System (PhilGEPS)

## I. Introduction

In many countries including the Philippines, the government is the single largest procuring entity in the economy. Each year, the Philippine government spends billions of taxpayers' money to acquire goods and services for its projects and deliver services to its citizens. Government leaders who are responsible for managing public funds are constantly looking at how they can spend better by paying more attention to their procurement methods. Most of the time however, the capacity of government to handle key procurement processes with its suppliers has not kept pace with modern best practices. Many of the problems stem from outdated manual workflows or lack of clear guidelines in some steps of the process. These challenges significantly impact the operational efficiencies and effectiveness of its procurement system and the ability of many businesses to participate without any barrier.

Many studies indicate that government and private institutions realize substantial savings on their total expenditure by making the purchasing process more uniform and transparent. Because of this fact, governments have created electronic procurement systems that offer potential for greater cost savings and better controls over their procurement practices. They have developed Internet based application services to provide business with a single point of access to all public procurement creating an open and transparent procurement environment that is efficient and providing faster service that can be shared by all government agencies. The Philippine government has decided to take advantage of the new technologies and the use of the internet to establish its own electronic procurement system. It is developing electronic tools and services that will assist the agencies with procurement of goods and services as well as suppliers who wish to sell these goods and services to the government.

Many stakeholders using the e-procurement system are beginning to experience significant impact even if the application is limited to a few functionalities at this time. They indicate that the service is lowering procurement costs and increasing the number of firms participating in each bid. The availability of accurate data from the system is contributing significantly to higher quality purchasing decisions and better prices for government. For suppliers it is lessening marketing costs and paving the way for more micro, small and medium enterprises to participate, giving a broader spectrum of businesses the opportunity to benefit income wise. In establishing a more transparent procurement environment, government is able to contribute to the national goals of competitiveness and economic development.

This case study presents the experience of the PhilGEPS<sup>1</sup> - its history, current state, future plans, major accomplishments, key challenges and lessons learnt. It is prepared for the Asian Development Bank(ADB) - Asia Pacific Procurement Partnership Initiatives and is intended to form part of the studies of selected electronic government procurement(e-GP) initiatives that will be presented in the planned Asia Pacific Conference on e-GP in late 2011.

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<sup>1</sup> The PhilGEPS is the on-line e-government procurement portal of the Philippine government. Its website address is <http://www.philgeps.net> Its physical office is located at the 25<sup>th</sup> floor, Raffles Corporate Center, F. Ortigas Avenue, Pasig City, Metro Manila, Philippines.



## II. Background

### A. Government Procurement Context

Public sector procurement is increasingly becoming a significant component of the overall budget. In the period 2007 – 2010, government procurement accounted for an average of 3.86% of GDP and 21.2% of total government budget. For 2011, public procurement is projected to reach approximately P308 billion or 18.7% of total government budget (Table 1).

**TABLE 1: PHILIPPINE GOVERNMENT PROCUREMENT BUDGET 2007-2011**  
(Php'000)

| <b>Expense Class</b>                         | <b>2007</b>        | <b>2008</b>        | <b>2009</b>        | <b>2010</b>        | <b>2011</b>        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Maintenance &amp; Operating Expenses</b>  |                    |                    |                    |                    |                    |
| Repair and Maintenance                       | 23,465,563         | 24,988,621         | 21,771,084         | 25,021,782         | 27,763,401         |
| Supplies and Materials                       | 39,637,080         | 41,277,811         | 48,635,923         | 44,274,234         | 43,433,069         |
| Utility Expenses                             | 6,442,858          | 6,705,812          | 6,834,835          | 8,253,051          | 8,533,803          |
| Training and Scholarship Expense             | 6,209,303          | 7,160,583          | 11,843,028         | 9,192,594          | 13,372,926         |
| Professional Services                        | 15,964,613         | 22,805,652         | 31,559,649         | 23,184,888         | 19,071,665         |
| Printing and Binding Expenses                | 1,871,709          | 1,131,623          | 1,303,719          | 1,232,892          | 1,263,446          |
| Advertising Expenses                         | 609,565            | 891,073            | 960,280            | 827,372            | 1,062,623          |
| Subscription Expenses                        | 171,309            | 132,796            | 6,949,257          | 238,528            | 247,884            |
| <b>Subtotal (A)</b>                          | <b>94,372,000</b>  | <b>105,093,971</b> | <b>129,857,775</b> | <b>112,225,341</b> | <b>114,748,817</b> |
| <b>Capital Outlay</b>                        |                    |                    |                    |                    |                    |
| Land and Land Improvement                    | 12,127,661         | 5,525,203          | 11,723,151         | 5,440,485          | 6,161,027          |
| Buildings and Structures                     | 8,472,219          | 10,837,703         | 10,997,394         | 22,694,122         | 38,662,260         |
| Office Equipment                             | 4,944,178          | 5,583,390          | 9,309,847          | 7,357,548          | 6,833,778          |
| Transportation Equipment                     | 1,380,911          | 2,524,880          | 4,524,978          | 2,104,774          | 1,580,823          |
| Machineries and Equipment                    | 8,084,841          | 11,996,851         | 9,361,146          | 10,679,190         | 10,170,871         |
| Public Infrastructure                        | 99,936,131         | 138,463,865        | 168,035,648        | 151,048,823        | 129,923,265        |
| <b>Subtotal (B)</b>                          | <b>134,945,941</b> | <b>174,931,892</b> | <b>213,952,164</b> | <b>199,324,942</b> | <b>193,332,024</b> |
| <b>Total</b>                                 | <b>229,317,941</b> | <b>280,025,863</b> | <b>343,809,939</b> | <b>311,550,283</b> | <b>308,080,841</b> |
| <b>Percent of National Government Budget</b> | <b>19.84%</b>      | <b>21.30%</b>      | <b>23.90%</b>      | <b>20%</b>         | <b>18.70%</b>      |
| <b>Percent of Gross Domestic Product</b>     | <b>3.45%</b>       | <b>3.77%</b>       | <b>4.47%</b>       | <b>3.74%</b>       | <b>3.40%</b>       |

source: Budget of Expenditure and Sources of Financing (2010 & 2011), Department of Budget and Management

There is no single operating unit responsible for the government procurement function. Procurement is decentralized, with each agency maintaining responsibility for and control over its own procurement activities. The government procurement system has always been perceived to be “a cumbersome, fragmented process with many loopholes

that are prone to corruption opportunities by both dishonest officials and bidders”.<sup>2</sup> There were a large number of overlapping procurement laws, rules and regulations and many agencies dealing with procurement have duplicating if not unclear functions and accountability. These complexities have resulted either in the procurement of substandard goods and services or in inefficiencies resulting in delays in completing projects and delivering services. Competition has been perceived to be generally low, with little or no participation from foreign bidders.

## **B. Procurement Reform**

In 2003, with strong support of its development partners, the government enacted Republic Act 9184 known as the Government Procurement Reform Act (GPRA)<sup>3</sup>. This new law paved the way for adopting key international procurement best practices and standards by (i)harmonizing over 100 laws, rules and regulations, (ii)standardizing bidding procedures and documents, (iii)increasing the accountability of bidding organizations, and (iv)streamlining the procurement system. Through the GPRA, the Government Procurement Policy Board<sup>4</sup> (GPPB), was created as the policy and monitoring body mandated to act as oversight agency for all procurement matters affecting national interest. More importantly, the GPRA institutionalized and mainstreamed the use of the Philippine Government e-Procurement System<sup>5</sup> (PhilGEPS).

The GPRA mandated all national government agencies (NGAs), government owned and controlled corporations (GOCCs), state universities and colleges(SUCCs) government financial institutions (GFIs) and local government units(LGUs) to post all procurement opportunities, bid results, awards and other related information in the procurement of goods and general support services, civil works and consulting services. It also reduced the advertisement requirements for bid opportunities costing P2 million and above for goods, P1 million and above for consulting services, and P5 million and above for civil works, which immediately reduced by more than 50% the governments newspaper advertisement costs.

Because of its success at passing the GPRA and instituting reform measures that include the operation of the PhilGEPS, the Philippines scored 95 or “very strong” in the subcategory of “Government Procurement: Transparency, Fairness, and Conflict of Interest Safeguards” of the 2010 Global Integrity Report. The overall classification however, was 57 or “very weak”, a downgrade from the 2008 overall score of 71 or “moderate”. This was primarily due to the subcategories on Anti-Corruption mechanisms, Judicial Independence and Law Enforcement Safeguards.

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<sup>2</sup> Philippine Country Procurement Assessment Report, A Joint Document of the Government of the Philippines, the Asian Development Bank and the World Bank, October, 2008, page 15. [www.wds.worldbank.org/external/default/main?pagePK=](http://www.wds.worldbank.org/external/default/main?pagePK=)

<sup>3</sup> [http://www.lawphil.net/statutes/repacts/ra2003/ra\\_9184\\_2003.html](http://www.lawphil.net/statutes/repacts/ra2003/ra_9184_2003.html)

<sup>4</sup> <http://www.gppb.gov.ph>

<sup>5</sup> <http://www.philgeps.net>

### **C. Drivers for Implementing E-Procurement**

The establishment of the PhilGEPS is in line with the thrusts of the government to advance the use of information technology in public sector governance pursuant to the E-Commerce Act (Republic Act 8792). The E-Commerce Act promotes the use of electronic transactions in government with the general public through a number of initiatives. It identifies e-procurement as a strategic tool in increasing national competitiveness by reducing procurement costs both for the government and the private sector.

The Philippine Development Plan (PDP) 2011-2016<sup>6</sup> acknowledges the importance of building upon the GPRA in pursuing a national good governance agenda. It underscores the need to enhance productivity, improve efficiency and ensure greater transparency and accountability in government procurement. It recognizes the use of ICT systems like the PhilGEPS for reducing opportunities and incentives for graft and corruption by minimizing discretion and intervention in the procurement process. It advocates the widening use of the PhilGEPS in the bidding process of government agencies to ensure greater participation and cost effectiveness in procurement.<sup>7</sup>

The newly crafted Philippine Digital Strategy (PDS)<sup>8</sup> that supports the PDP sets the development of e-government as a priority and puts emphasis on “integration and interoperability of government ICT structures and programs”. It validates the role of PhilGEPS in sharing more government data online for improving the efficiency of government procurement operations. It confirms the need to strengthen PhilGEPS as one of its key action areas leading to its goals for “transparent and efficient government services”.<sup>9</sup>

## **III. The PhilGEPS**

### **A. History of the PhilGEPS**

In 2000, the Secretary of the Department of Budget and Management (DBM) initiated a web-based pilot electronic procurement system (EPS) as part of its reform initiatives for modernizing the government procurement process. Executive Order (EO) 262<sup>10</sup> and EO 322<sup>11</sup> issued by then President Estrada authorized the Procurement Service (PS), the agency responsible for procuring all common-use supplies, materials and equipment, to launch the internet-based EPS. It directed all national agencies and government owned or controlled corporations to participate in its use. At that time, it was positioned as a government owned and managed service designed to increase the operational efficiency of the PS in managing its procurement process. However, it made provisions for the eventual use of the system by the whole of government. The EPS also provided a common portal for registration of suppliers and advertisement of bid opportunities by

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<sup>6</sup> <http://www.neda.gov.ph/PDP/2011-2016/default.asp>

<sup>7</sup> Philippine Development Plan 2010–2016, National Economic and Development Agency, Chapter 7, page 18.

<sup>8</sup> [www/cict.gov.ph](http://www/cict.gov.ph)

<sup>9</sup> The Philippine Digital Strategy, Commission on Information and Communications Technology, 2011, Chapter 2.

<sup>10</sup> <http://elibrary.judiciary.gov.ph/index10.php?doctype=Executive%20Orders&docid=12136853611830343075>

<sup>11</sup> [http://www.gppb.gov.ph/laws\\_rules/laws/EO\\_322-2000.pdf](http://www.gppb.gov.ph/laws_rules/laws/EO_322-2000.pdf)

government agencies. The pilot EPS was launched with technical assistance from the Canadian International Development Agency's (CIDA)<sup>12</sup> Policy, Training and Technical Assistance Facility (PTTAF) Project.<sup>13</sup>

When then President Gloria Macapagal-Arroyo assumed office in 2001, good governance and competitiveness were identified to be fundamental for the country's growth and development. To comply with the provision of the Electronic Commerce Act (R.A. 8792)<sup>14</sup> requiring government to establish an electronic procurement portal, EO 40 was promulgated in October 2001 adopting the EPS to be the single and centralized electronic portal for all of government's procurement. The EO expanded the existing coverage of the EPS to all agencies of government at the national and local levels including government financial institutions and state owned universities and colleges. EO 40<sup>15</sup> underscored the importance of the EPS as a tool for enhancing transparency, accountability and equity in government procurement and recognized the mandate of the Procurement Service (PS) to be the organization responsible for the development, management, and maintenance of the EPS.

## **B. The Pilot Electronic Procurement System (EPS)**

The EPS service was based on the e-procurement model used by the Canadian Federal Government and various other levels of government and public agencies in Canada. The service provides a common portal for registration of suppliers and advertising of government bid opportunities by government agencies, and an electronic catalogue that features the different common-use goods, supplies and materials which agencies purchase from the PS. It does not have any responsibility for the procurement activities and bid evaluation. The service grew to support a few thousand agencies, publishing tender notices that include those for civil works, consulting services and other goods, and distributing tender documents to more than 30,000 vendors.

The objective of operating the pilot was to help the DBM and the PS gain a better understanding of the resource requirements for supporting and operating an electronic procurement system across multiple organizational levels. By operating the system, the government was able to (i)explore functionality and features, (ii)review systems design and architecture, (iii)identify operational risks, (iv)establish strategies for implementation and (v)evaluate funding source, in preparation for the construction of their own electronic procurement system.

Initially, the EPS was hosted by the MERX system<sup>16</sup>, the same platform being used by the Canadian government for its procurement activities. In 2004, a five-year US\$5

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<sup>12</sup> <http://www.picpa.com.ph/getmedia/bc4039f5-e1c4-4728-af43-168e826e09b2/geps.aspx>

<sup>13</sup> Technical assistance from the PTTAF project included support for the business process definition, design and operation of the pilot system, outsourcing, training and contract management including reviewing the detailed specifications, reviewing the Test Plans, preparing the User Acceptance Test Plans and the conduct of operations with the third party service provider.

<sup>14</sup> [http://www.lawphil.net/statutes/repacts/ra2000/ra\\_8792\\_2000.html](http://www.lawphil.net/statutes/repacts/ra2000/ra_8792_2000.html)

<sup>15</sup> Executive Order (EO) 40 entitled Consolidating Procurement Rules and Procedures for all National Government Agencies, Government owned or Controlled Corporations and Government Financial Institutions and Requiring the Use of the Government Electronic Procurement System.

<sup>16</sup> <http://www.merx.com/>

million outsourced contract was awarded to a local service provider to construct and operate an electronic system and build additional functionalities. In mid 2006, the EPS was replaced with the PhilGEPS that makes available the same features as the EPS with systems enhancements and modifications drawn from the experience of operating the pilot system.

### **C. Organizational Function, Structure and Staffing**

The PhilGEPS is the single portal to serve as primary source of all government procurement information.<sup>17</sup> The main objectives of the PhilGEPS are:

- (i) To establish an open, transparent, efficient and competitive marketplace for government procurement;
- (ii) To get better prices;
- (iii) To build the framework to continually improve the procurement processes; and
- (iv) To maintain sustainability of its operations over the long term.

To achieve these objectives, the PhilGEPS:

- (v) manages and operates the service,
- (vi) provides regular training to all its users and,
- (vii) provides customer service support such as the help desk and other administrative support.
- (viii) Undertakes business development and marketing initiatives to grow and sustain its supplier base

The PS is the organization responsible for the strategic definition of the PhilGEPS and its management. The PS Executive Director assumes responsibility for all activities inherent to the PhilGEPS and provides general supervision, direction and control over the work of all employees. The responsibility for the day-to-day operational management of the PhilGEPS rests with the PhilGEPS Group. The PhilGEPS Group is lead by a PhilGEPS Director who reports to the Executive Director of the PS. The Executive Director of the PS and the PhilGEPS Director are interdependently responsible for planning, organizing, leading and controlling the PhilGEPS operations while the Secretary of the DBM provides overall leadership. The current PhilGEPS organization is composed of 15 contractual and 8 job order positions.

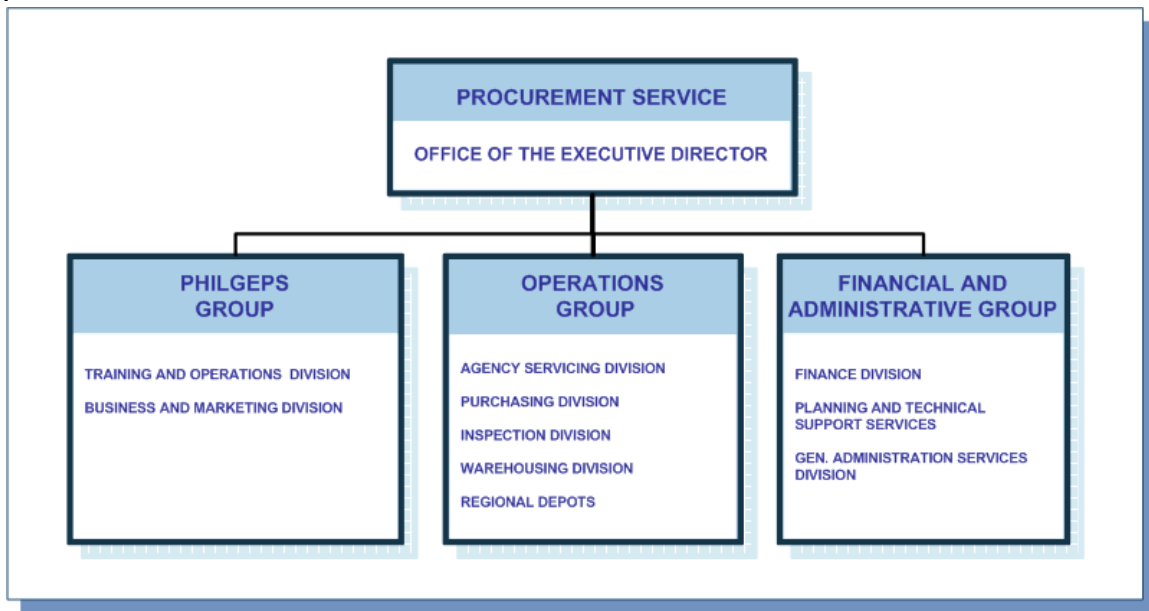
The PS, and by extension the PhilGEPS, is under the administrative supervision of the DBM while functional supervision is with GPPB, an inter-agency body headed by the Secretary of the Department of Budget and Management as chairperson and the Director-General of NEDA as alternate chair with the secretaries of Public Highways, Finance, Science and technology, Health, Trade and Industry, Transportation and Communication, Education, Defense, Energy and Interior and Local Government, and a representative from the private sector as members.

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<sup>17</sup> Government Procurement Reform Act, Section III, Article 8

Figure 1 below shows the existing functional organizational chart of the PS and the PhilGEPS.

**FIGURE 1: FUNCTIONAL ORGANIZATION CHART OF THE PROCUREMENT SERVICES AND PHILGEPS**



While the administrative relationships for managing the PhilGEPS are well defined, the functional relationships and interface among the PS, the DBM, and the GPPB sometimes appear to be unclear. The Revised Implementing Rules and Regulations (IRRs)<sup>18</sup> of the GPRA limits the GPPB’s role for “monitoring the implementation and effectiveness of the PhilGEPS”.<sup>19</sup> On the other hand, because the PS deals only with the procuring process for common-used goods, supplies and equipment, it exercises very little oversight and monitoring, often limited to the regular review of accounting reports and intermittent participation in PhilGEPS management meetings. The DBM’s interaction is directed at providing some strategic and operational guidance with respect to the funds that it provides the service. The much required collaboration between the PhilGEPS and the GPPB appears to be marginal even if their roles and function in streamlining the procurement process are complementary.

**D. Planning, Systems Design and Methodology for Implementation.**

1. Overall Approach and Business Model

<sup>18</sup> [http://www.coa.gov.ph/tsolmp/TSOIntra/Appendices/Appendix%203/Revised%20IRR.RA9184\\_2009.pdf](http://www.coa.gov.ph/tsolmp/TSOIntra/Appendices/Appendix%203/Revised%20IRR.RA9184_2009.pdf)

<sup>19</sup> Handbook on Philippine Government Procurement, Fifth Edition, Article 63.3, Rule XX of the IRR.

Many factors were considered by the PS in choosing a business model. These include (i) the desire for an economical solution, (ii) limited in-house capacity to expand and support the system, (iii) the need for additional functionality and features, (iv) scalability and flexibility for expansion (v) the imperatives of reducing development risk and lead time to implementation, (vi) management resource requirements, (vii) uneven resource levels and competencies of users to support the use of the service, and (iv) limited funding for operations. However, one overriding consideration was government control and ownership of the service.

The PS was aware that using the e-procurement service would create changes with a number of existing practices and procedures and would require a lot of promotion, support and learning for all the user groups. Because of this, the PS planned on a 2-3 year implementation strategy to introduce, educate, train and support both government agencies and suppliers. It settled on a slow move from the EPS to provide a seamless transition while giving sufficient time for the new system to be tested during this period. It chose to adopt a phased approach in implementing its system to minimize operating risks.

The PS decided to pursue a Government Managed System using a third-party owned and operated solution to deliver the back end system.<sup>20</sup> Outsourcing the technical delivery component was the answer to mitigate the risks associated with system development and implementation, as well as difficulty in the recruitment and retention of the technical expertise required for the system under Civil Service rules and regulations.

## 2. Systems Features and Components

The PhilGEPS is designed as a web-enabled application that is easily accessible to any user through the Internet using a common browser and the Adobe PDF reader. It supports multiple access views depending on a user's role and has the following major features:

- (i) Electronic Bulletin Board - includes posting of procurement opportunities, notice of awards, electronic distribution of bid documents, and automatic notification of bid notices and amendments
- (ii) Supplier Registry - includes a registry of all government agencies (buyers) and government suppliers, contractors and consultants.
- (iii) Electronic Catalogue – includes a price list of common-use goods, supplies, materials and equipment that are to be purchased from a centralized procurement system being implemented by the PS.

Through the support of the ADB and the World Bank, modifications recommended by the Philippine Country Assessment Report have been introduced in 2010 for the system's application on ADB- and World Bank- funded NCB and shopping procedures. In 2009, ADB approved USD 600,000 Technical assistance to Strengthen Philippine Electronic Government Procurement. (CDTA- 7244)<sup>21</sup>. World Bank has processed parallel funding of USD 300,000 to support PhilGEPS.

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<sup>20</sup> E-GP Implementations: A Review of Business Models. A Study Conducted by the World Bank

<sup>21</sup> <http://www.adb.org/Documents/TARS/PHI/42537-PHI-TAR.pdf>

Before the end of 2011, additional features (phases 2 - 5) will be made available in the PhilGEPS platform. These include (i)an expanded supplier registry, ii)a virtual store for online ordering iii)an e-payment facility and, (iv)an e-bidding facility. PhilGEPS will also introduce user charges and fees for the use of the system. Table 2 below summarizes the features and services available to different users.

**Table 2: PhilGEPS Features and Services by User Category**

| Category                                 | General Public  | Buyer   | Supplier   |
|--|---|---|--|
| Functions                                | <ul style="list-style-type: none"> <li>- Open bid opportunities</li> <li>- View bid abstract</li> <li>- View recent 100 awards</li> <li>- View catalogue</li> <li>- View statistics on registered agencies, suppliers &amp; opportunities</li> <li>- View to MPI/CoST site</li> </ul> | <ul style="list-style-type: none"> <li>- Open bid opportunities</li> <li>- View bid abstract</li> <li>- View all awards</li> <li>- View catalogue</li> <li>- Access to supplier &amp; buyer registry</li> <li>- View to MPI/CoST site</li> <li>- Create &amp; manage tender notices</li> <li>- View tracking reports on their service activity or specific notices</li> <li>- Create amendment &amp; notices</li> <li>- Update bidding list by indicating which supplier submitted a bid</li> <li>- Post award notices</li> <li>- Establish own list of suppliers or designate accreditations</li> <li>- Post black listed suppliers</li> <li>- Search &amp; view former opportunities</li> </ul> | <ul style="list-style-type: none"> <li>- Open bid opportunities</li> <li>- View bid abstract</li> <li>- View all awards</li> <li>- View catalogue</li> <li>- Access to complete listing of opportunities &amp; awards</li> <li>- View to MPI/CoST site</li> <li>- View, order &amp; download bid documents</li> <li>- Automatic bid matching &amp; email notification, bid supplement &amp; bid bulletin</li> <li>- Update company profile for use of gov't buyers</li> <li>- Entitled to a Registration Certificate</li> <li>- Designates 1 user as organization's coordinator</li> </ul> |
| available when phase 2-5 are implemented |   |   | <ul style="list-style-type: none"> <li>- ePayment</li> <li>- Access to Annual Procurement Plan</li> <li>- Submit bid online (ebidding)</li> <li>- Upload Eligibility Docs</li> <li>- Catalogue Service &amp; Advertisement</li> <li>- List of on going &amp; completed projects per supplier</li> </ul>  |

The public has free access to the system.<sup>22</sup> Anyone who wishes to view all current procurement being conducted by the government entities and any recent awards published may do so without the need to register.

Local and foreign suppliers who wish to participate in the procurement process can register online by completing a registration form and accepting the terms and conditions for registering on the system. Appendix 1 provides a copy of the Suppliers' Terms and Conditions. The same holds for government buyers participating as government users. Appendix 2 provides a copy of the Buyers' Terms and Conditions for registering on the system.

<sup>22</sup> Free public access to the system is a policy of the government in line with its thrust to promote greater transparency.



The system allows users to create a tender by adding separate line items to a notice with individually approved budgets and attach electronic copies of bid documents for online distribution or support for manual distribution of bidding documents. In choosing manual distribution, the system provides order management functions for suppliers to request a bid package and track when the package is retrieved from the procuring agency. Users are automatically notified when the bid package is available for pickup.

The system administration has the ability to (i)post events in a calendar, (ii)post announcements on the system and (iii)update contents on various information pages as well as in system data tables used in drop down section lists. Administrators also have access to system management reports with the ability to extract data from custom reports generation. The system administrator is responsible for maintaining the content of the online catalogue.

The notice management process allows buyers to issue amendments to a notice. Once published, all amendments or changes are automatically sent to participating suppliers, and buyers can track the delivery or retrieval of the amendments through a detailed tracking report for the tender notice. Upon closing, buyers can update the bidders list to indicate which suppliers submitted a bid and post the award notice after evaluating the submitted tenders. The system allows buying organizations to establish their own supplier list or designated accreditations to a supplier. It also allows buyers to request blacklisting of suppliers based on existing government policies.

One feature unique to the PhilGEPS is its audit role. Government auditors have full access to view system activities being conducted by buying agencies but cannot make any changes.

PhilGEPS has administrative functions to oversee and support users, including (i)vetting and approval, (ii)supplier and buyer registration, and (iii)assisting users in setting up their profiles, bid matching services or assisting in the creation of a tender notice. A transaction log documents all activities in the system and users can check on any activity that may have been performed on their account, including those that an administrator may have conducted on their behalf.

## **E. Implementation Experience**

### **1. Partnerships and Project Management for Implementation**

A collaborative but structured project management approach was adopted in establishing the PhilGEPS. A Project Steering Committee(PSC) composed of senior managers from the PS and from the service provider is responsible for managing the development and implementation of the PhilGEPS. The PSC provides overall operational leadership and direction, monitors progress and resolves technical and operational issues to satisfy project requirements.<sup>23</sup> It monitors the project based on four detailed implementation plans to meet systems deliverables. These are the (i)Systems Architecture Implementation Plan, (ii)Security Implementation Plan, (iii)Disaster

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<sup>23</sup> PhilGEPS Project Management Plan, July 2004.

Recovery Plan and (v) Training Plan. Monthly PSC meetings are held throughout the implementation phase.

In July 2003, PhilGEPS hired a dedicated project manager<sup>24</sup> and set up a counterpart project team whose primary responsibility is to support the implementation of PhilGEPS and manage all internal and external relationships of the system. In parallel, the service provider also set up an implementation team composed of a senior manager and technical resources that were contractually identified for this project. Both teams work closely together, with the PhilGEPS team taking the lead in providing direction and guidance in developing the system based on its business objectives.

While the contract with the service provider was signed in 2004, the PhilGEPS did not go live until 2006. The transition to PhilGEPS had many management challenges with both the PhilGEPS and the service provider. Although many of the challenges were identified by PhilGEPS in the planning phase, working out solutions to these issues took longer than expected. Some of these issues are discussed in the succeeding sections of the report.

## 2. Technical Considerations

A full requirements definition was developed to understand the system design and identify hardware and software applications that best satisfy these specifications. The requirements also served as the basis for establishing the different technical standards and security needs.

In defining the technical and functional requirements for the technology solution, PhilGEPS carefully looked at how the electronic procurement system will be used to support the business and service level requirements of its primary stakeholders – the PS, DBM and the government as a whole. Because of the investment required and opportunity that can be derived from such a service, it was important to identify specific business objectives of the primary stakeholders and ensure that the system design can accomplish these objectives. The detailed list of primary stakeholders' objectives are shown in Appendix 3.

The external requirements of the client agencies and suppliers who will interact with the service were another important consideration. Agencies are looking for tools and features that (i) can make available bid notices and documents for their suppliers faster, (ii) provide an online catalogue where they can view prices of common use items that they wish to buy and, (iii) have an e-payment system to support the direct transfer of funds from the DBM to the PS for their orders. Under existing government laws, all payments to government from private sector or between government entities must be by cash or check only or remitted to a designated government bank account of the agency. Use of credit cards and epayment are not acceptable modes of payment for government. By having an epayment facility to support the direct transfer of funds from the DBM to the PS for the agency's orders for common goods, substantial administrative time required for manually processing the check payment will be eliminated and other administrative and operating costs for this process will be reduced. The procurement process will therefore be shortened and made more efficient.

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<sup>24</sup> The Project Manager has a rank equivalent to a Director. The term Project Manager and PhilGEPS Director are used interchangeably in this document.

Another area of concern in preparing the technical requirements of the system was the fact that considerable variation exists in the level of systems support for the procurement process of all agencies. Agencies also raised the issue of security more than the suppliers. Three key security areas were identified: (i)the requirement of both buyers and suppliers for a robust authentication as well as authorization functionality, (ii)the transfer of procurement data between buyers, suppliers and potentially banks and other government institutions that require secure communication channels and (iii)the potential business solution and how it will directly affect the level of security requirements.

Suppliers and civil society would prefer a government wide e-procurement system that would include all tendered opportunities from all agencies along with notices for invitation, planned procurement opportunities and contract awards. They want to see who is bidding on opportunities, view the rules and regulations and have access to the specifications documents electronically or at least be able to request the documents. Suppliers also want to see an online supplier registry so that they only need to get accredited once and that information could be shared with all agencies.

Internet Connectivity and access was another key consideration. A number of the targeted agencies do not have access to the Internet and those who do have very little experience using it. This concern also applies to suppliers as not all suppliers have access to the Internet. Poor internet connection affects the ability of both buyers and suppliers to benefit from the use of the system effectively. The other factor that was considered in this regard was the speed of the connections. Most organizations only have slow speed dial-up access to the Internet because of the cost of a high-speed connection. The system design took into account the speed with which most users will be accessing the service and is minimizing the amount of graphics applied on the web pages. In addition, the PhilGEPS will take advantage of the high levels of mobile penetration to improve access to the service. Additional functionalities have been identified will be developed in succeeding phases to allow suppliers and bidders to receive notification on bid matching opportunities or awards through mobile devices and SMS.

E-procurement is only one of a number of e-systems being initiated by government. It is important that its establishment be consistent with e-commerce and e-government strategies, and where appropriate, integrated with these other initiatives. However, integration appears to be the single most challenging consideration for the e-procurement system because of the evolution of legacy systems and the disparate ERP systems. Most of these systems were designed to automate agency-specific business processes or services and are generally not meant to connect or interact with other internal or external agency systems, nor were they designed to provide integrated end-to-end managed services. Other back end systems in the banking and regulatory agencies also have to be linked together so that transactional messages can be aggregated in a central location. The process of converting multiple message types for different users into a single standard and then integrating the standardized messages into the PhilGEPS is a huge task. The technical considerations of this aspect are more complex and will take time before the requirements of the existing systems infrastructure landscape can be fully understood.

A promising, and probably easier area for integration is linking the e-procurement with other government supply chain systems such as supply chain planning and

management and storefront systems. In addition to providing a more holistic architecture, connecting the PhilGEPS with these systems will greatly impact efficiency of the procurement process because most of these systems are currently manually done. However, any attempt to link these will also require a lot of time and resources.

PhilGEPS is anticipating that integration with any e-systems will be extremely difficult not only because of the challenge in addressing the backend technical issues, but also because the agencies creating or managing these e-government systems do not have the resources to make the changes to link to the e-procurement system.

### 3. Technology Solution and Physical Infrastructure

The PhilGEPS did not put emphasis in reviewing the technology solutions and physical infrastructure requirements in the planning of its system. These two areas are the responsibility of the service provider following the provisions of the chosen business model. However, PhilGEPS carefully defined its primary functional requirements and detailed its expectations from the system to make sure that these were translated by the service provider into a robust back end system, using the appropriate technology solution and physical infrastructure to support the service.

The PhilGEPS technology framework provides its users with a secure access to an integrated range of procurement systems and services using the Internet. It makes use of both public and private networks to deliver the connectivity requirements and guarantee performance. Its network infrastructure employs Innove Communications' Enterprise Solutions to deliver the connectivity and high availability requirements of the system. The technology implementation of PhilGEPS employs the DOT NET Framework 1.1 and the C# Programming Language technology.<sup>25</sup> Access to the system is primarily controlled through the user ID/password pair assigned to users, and through the use of SSL to ensure the secure transmission of information from users to the host system. The system has also implemented industry-standard security controls to limit any unauthorized access to the system with appropriate firewalls, intrusion detection and other security measures. An outside firm was retained to test the load capacity and security features of the system to ensure all requirements were met prior to the launch of the system. ADB sponsored load testing through funding provided under CDTA 7244.

PhilGEPS is hosted and managed from a secure data centre that is physically separate from both the PhilGEPS support office and the service provider's technical operations office.<sup>26</sup> It maintains controlled access procedures limiting any physical access to the facilities.

### 4. Legal and Contracting Considerations

Following its decision to adopt a government business model, the PhilGEPS, outsourced, through a competitive bidding process, all technical aspects of the system

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<sup>25</sup> PhilGEPS Systems Architecture Plan, 2004.

<sup>26</sup> The secure data center is located in the Global Business Internet Data Center in Makati City, the mirror site is located in the Cebu Data Center in Cebu City in the Visayas.

operations, including the expansion, infrastructure, facilities, support and operational management, in accordance with its requirements and service levels.

Its contractual framework was designed to achieve the most advantageous position for the government that considered the following:

- (i) Establish full ownership and control over the market brand (PhilGEPS), the URL, all data in the system and the overall business service operation system from a legal perspective
- (ii) Ensure the successful implementation and get maximum benefit from the system
- (iii) Minimize if not eradicate risks particularly those associated with cost overruns and delays in development
- (iv) Have built in flexibility to adopt new or more efficient technologies or change providers without being tied to substantial capital investments or restrictive contract provisions.

Under the agreement, the government retains responsibility for all users of the system, as well as users who enter into a contractual relation with the government. It exercises control of the business operation and has the option to acquire the current platform at the end of the contract period. It may also extend the contract on a year-to-year basis or consider any other technical solution or vendor, if this alternative is more advantageous to government and more effective for servicing its customers. It can exact compliance and ensure timely delivery from its provider by imposing stiff penalties for delays on a daily basis based on the Liquidated Damages Clause<sup>27</sup> of the service contract between PhilGEPS and the service provider. It can engage in revenue generating activities such as charging user fees to cover operational costs over the life of the service, regardless of the backend solution being used or the vendor providing it.

The service provider, Ayala Systems Technologies Inc.(ASTI) is paid an annual fee of up to P50,000,000.00<sup>28</sup> based on the system components delivered and accepted by the government over the five-year contract period. This fee covers (i)provision of an Internet based application and related maintenance services, (ii)the provision of system integration services for the implementation, configuration and, if needed, customization of the system application, (iii)provision of all necessary computer and network facilities and services for the operation of the service, and (iv)provision of optional technical advisory and planning assistance on a consulting services basis for the ongoing development of the system service and related application systems. The provider owns all rights to the application as well as any hardware or facilities supporting the delivery of the system.

The contractual safeguard for government comes principally from the provision that payment of the monthly fees will begin only when the system is accepted by PhilGEPS and placed into production. The service provider does not receive any remuneration during the development phase. Payment is made only after delivery of the application and is based on actual accomplishments and operating service levels as defined in the contract. This payment arrangement minimizes risk and protects the PhilGEPS from cost of overruns and potential cost of delays in the initial development stage. For the

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<sup>27</sup> Schedule 6 or the Liquidated Dmaages clause provides for a penalty of 1/10 of 1% for every day delay in the unperformed part of the contract. This is estimated to be a penalty of about P7,000.00 per day.

<sup>28</sup> Approximately \$1.15 million at an exchange rate of \$1=P43.50

provider, the fixed fee nature of the payment that is not dependent on any particular projected transaction such as the number of suppliers registering or the number of bid documents purchased, assure a steady revenue stream from which to cover its costs.

The contract includes a service level agreement (SLA) that specifies the uptime, response time and responsibilities of the service operation; however, it also protects and indemnifies the service provider from any claims or losses that may be brought forth by any user due to a service operation failure.

While a performance evaluation has yet to be conducted for the contract once it is completed, many regard the outsourced contract of the service provider to be successful at this stage of implementation. The contract has demonstrated that government's interests are adequately protected, development and implementation requirements are fully supported and its procurement objectives are being met.

In addition to the unique contractual framework between PhilGEPS and its service provider, the independent service operation nature of the PhilGEPS is creating new legal and business arrangements with its stakeholders, specifically in areas relating to the availability of the PhilGEPS service, guarantees on system utilization and indemnification for possible losses and breach of information security. All suppliers agree to accept the terms and conditions for the access of government procurement information and for the use of the PhilGEPS of its submitted information and documentation. All buyers are covered by an agreement for the use of the PhilGEPS for their procurement needs. Both agreements for buyers and suppliers are designed to encourage use of the service while protecting and safeguarding the integrity of the system.

## 5. Policy Requirements

RA 9184 and the IRR established the general policy principles necessary for the adoption of the PhilGEPS within the existing procurement framework of government. Most agencies refer to the provision of the law and its IRR as the basis for compliance to utilize the PhilGEPS. But these two documents do not address specific policy requirements for procurement operating processes and procedures with respect to the use of the system and the attendant changes in the procurement process brought about by its use. New policies need to be crafted to better support the systems operations, align procurement processes converging in the system, and reflect changes resulting from procurement process reengineering or to acknowledge emerging activities necessary to implement new e-procurement features. Some of the key policy areas include:

- (i) standardizing the fee structure for downloading bid documents and the cost sharing mechanism for this fee between the agency and PhilGEPS,
- (ii) e-bidding rules, procedures and guidelines,
- (iii) financial policies covering the payment mechanisms and utilization of fees collected by the PhilGEPS – i.e., can credit cards be used and how will these funds be made available to the PhilGEPS for its operations,
- (iv) rules governing the use of the virtual store including those relating to framework agreements and,

- (v) personnel policies including the adoption of new plantilla<sup>29</sup> classifications and addition of staff that will acknowledge the highly technical or more specialized skill sets required by the PhilGEPS and the 24/7 nature of its operation. These include technical and training staff with skills in contract management, customer service, customer care and business development.

Many of these new policies need to be in place before any new system features are deployed.

## 6. Change Management

At the time of the pilot, majority of key procurement processes in government were manually done and information technology was limited to a few stand-alone computers used primarily for word processing and e-mail. The introduction of e-procurement therefore meant fundamental changes to existing structures and business processes within PS and the government agencies that it deals with. Senior managers were aware that if successfully implemented, the e-procurement system could become one of government's largest and most widely used e-systems. In this context, the PS decided to prioritize its change management initiatives internally so that it can build the capacity of the PS to be the main operational change champion for e-procurement in government.

A subtle and reactive approach to change management was chosen because of the anticipated level of resistance and the cultural sensitivity that generally goes in dealing with transparency issues. The PS concentrated its change management efforts on building internal stakeholder support and identifying senior management champions in key government agencies, educating agencies on its use and, at the policy level, institutionalizing the e-procurement system by incorporating its use in the GPRA and its IRR.

The PhilGEPS saw great merit in implementing change management initiatives for the roll out of the system. It was particularly concerned with the need to orient the current users to the new features, grow supplies registration and increase compliance for posting of bid notices and awards. However, change management was not prioritized largely because of resource limitations and the timelines involved in delivering the technical aspects of the service. Instead, it relied on the gains of the change management strategies implemented during the pilot and concentrated on making its stakeholders aware of the shift from the pilot to the PhilGEPS. Its change management activities included: (i) promoting the benefits of the new system to management, internal staff, agency buyers, suppliers and civil society groups through system demonstrations, workshops and selected media releases to get buy in and commitment to use the system (ii) intensifying the delivery of training to reach as many buyers, suppliers, auditors and BAC members (iii) ensuring trained users were registered and given immediate access to the system to enable them to reinforce the training (iv) meeting different stakeholders groups to allay their fears and deal with concerns about staff reduction, use of the technology, reliability of the system, centralization of the procurement function, cost to use the system etc.

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<sup>29</sup> Plantilla positions refer to the government authorized position and job titles based on governments approved organizational structure.

However, as the implementation experience of the PhilGEPS over the last five years show, many agencies are still not registered and those that are have limited their interaction with the system to posting of bid opportunities and some procurement related documents. It may well be necessary for PhilGEPS to prepare a pro-active and aggressive change management plan, and put in the time and effort to go out and engage the agencies, rather than simply allowing them to become informed. In the recently concluded e-Learning for e-Procurement series that was hosted by the World Bank Institute, the Philippine participants composed of representatives from various agency procurement units, confirm the low awareness of users and the seeming lack of institutional support at different levels of government. They identified the “development and implementation of a change management plan and communication plan” as an urgent action area to address these challenges as well as other perceived institutional weaknesses for implementing e-procurement.

## 7. Human Capital Requirements

The PS created the EPS Division in 2000 to support the implementation of the pilot EPS. In 2003, as the number of registered agencies and suppliers rose, the EPS Division evolved to the Government Electronic Procurement System Group with a dedicated staff complement of 12 personnel. At present, the PhilGEPS organization has doubled its 2003 level and consists of eighteen (18) technical positions and five (5) administrative positions or a total complement of twenty-one (23) full time staff. Despite the increase in number, the organization remains understaffed. APPENDIX 4 lists the plantilla and job order positions and incumbents as of January 2011. Both plantilla and job order positions are recruited and filled following Civil Service qualifications requirements and standards. However, because the PS does not receive any budgetary support from the national government, all plantilla positions of the PS and the PhilGEPS are contractual, and are not covered by Civil Service protection.

With the expansion of its functionalities and the anticipated increase in its user base, a revised organizational chart with a larger staff complement is proposed for approval by the DBM under the government’s Rationalization Plan.<sup>30</sup> Nonetheless, the PhilGEPS is concerned that adding more technical people alone will not solve its staffing issues. It is concerned that it may not be able to hire staff to build its desired resource pool to sustain its operations. Its ability to attract and retain technical people remains weak because of the current temporary nature of its contractual engagement. Moreover it is unable to compete with the much higher rates that are offered by the private sector for these same positions. These human resource issues critically form part of the much larger organizational challenges of the PhilGEPS that needs to be resolved to continue to operate the service in the long run.

## 8. Capacity Development Requirements

The success of the PhilGEPS largely depends on its capability as an organization to function effectively and independently as a business unit. Baser and Morgan identified

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<sup>30</sup> PhilGEPS Operating Procedures and Business Plan, 2011

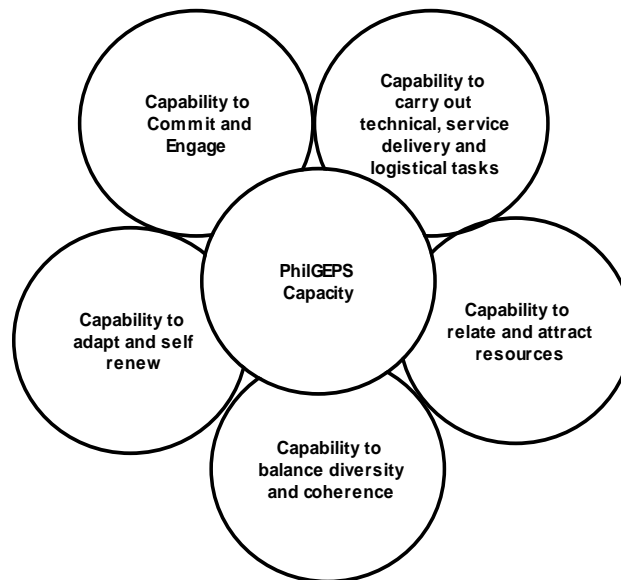


five core interrelated elements of organizational capacity that are essential for an organization to create value and function as a resilient, strategic and autonomous entity<sup>31</sup>. These are:

- (i) the capability to commit and engage,
- (ii) to carry out functions or tasks,
- (iii) to relate and attract resources and support,
- (iv) to adopt and self-renew and
- (v) to balance coherence and diversity”.

These capabilities are built based on a combination of different individual competencies, policies, organizational systems, physical assets and external and internal relationships that allow the organization to “do things and sustain itself”. The figure below illustrates how the five capabilities relate to building organizational capacity.

**FIGURE 2: ELEMENTS OF CAPACITY**



The accomplishments of the PhilGEPS over the last five years, demonstrate that a core capability exists within PhilGEPS to support its operations. It has an established policy framework from which to operate, a working structure, relationships with users, business and development partners, technical resources that carry out service delivery, training and logistical tasks and some financial resources to maintain its operations.

But the system is growing. Its functions have considerably expanded to the whole of government and the demand for services is increasing at a much faster rate than it had originally anticipated. Its existing capacity is no longer sufficient to manage the service effectively. Some manifestations that it may be reaching its capacity limits include i) the

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<sup>31</sup> Heather Baser and Peter Morgan, Capacity, Change and Performance: Study report for the European Centre for Development Policy Management. 2008

seeming lack of awareness or non participation of a substantial number of buyers and suppliers at this time, (ii) the inability to expand its support service function that is required by its increasing user base, (iii) the limited management resource pool, (iv) delay in the implementation of additional functionalities, (v) the inability of the PhilGEPS to cope with the demand for training, (vi) inability to expand the its technical resource pool and (vii) the lack of control over its budget.

Table 3 below summarizes the key capacity development requirements of the PhilGEPS for sustaining its operations and continuing to build the system over the long term using Baser and Morgan's five core elements model. Many of these requirements have been identified in previous PhilGEPS studies and reports.

**TABLE 3: CAPACITY ANALYSIS MATRIX FOR PHILGEPS**

| Core Capacity   | Core Capacity description  | Perceived Specific Weakness Areas  | PhilGEPS Capacity Requirement   |
|---|--|--|---|
| 1. Capability to Commit and Engage  | Depends on the ability to encourage mindfulness, willingness to persevere, aspire, to embed conviction, take ownership and be determined.  | 1. Changes in leadership and inadequate supervision that is creating a vacuum at the operational level.<br>2. Lack of an updated strategic plan  | 1. The addition of a senior executive to be assigned to manage PhilGEPS on full time basis<br>2. Prepare a new strategic plan   |
| 2. Capability to carry out technical, service delivery and logistical tasks | The capability to manipulate skills and resources. It is about management, logistics, operations & task accomplishment. Includes the capability to deliver services, for strategic planning and management, for financial management   | 1. Organizational structure no longer responsive to run as an efficient business unit.<br>2. No permanent (plantilla) positions for all staff<br>3. Limited managerial staff positions<br>4. Pay level restrictions due to PS & DBM rules<br>5. Inability to address training demand in a timely manner<br>6. Lack of an updated, well defined operations manual<br>7. Delays in implementation of additional functionalities<br>8. Lack of adequate management systems and policies to support additional functionalities<br>9. No policy to allow PhilGEPS to utilize own funds generated by the system<br>10. Very little training for staff especially in areas of customer service, marketing, account management, contract management and change management<br>11. Lack of physical space that is posing some security risk to the system<br>12. Limited customer service facility and resources | 1. Undertake an organizational study to determine best set up for PhilGEPS<br>2. Define an appropriate HR policy to address hiring, retention pay and performance issues<br>3. Review and adopt new training strategies<br>4. Prepare a comprehensive operations manual<br>5. Create a billing and accounting system for user fees<br>6. Seek government approval and define financial policy to utilize funds that are generated by PhilGEPS<br>7. Adopt measures to increase security for system<br>8. Undertake staff training in customer service, contract management, marketing, account management & change management<br>9. Acquire additional space for users and system |
| 3. Capability to relate and to attract resources and support                | The capability to craft, manage and sustain key relationships and resources needed for the organization to survive, and the ability to attract support and protection, and enter into relationships that produce new sources of funding, staff and learning. Includes ability to manage political conflict, bargaining and elite accommodation. Includes the abilities to earn credibility and legitimacy, to buffer the organization or system from intrusion, earn trust of others such as donors and clients and combine political neutrality and assertive advocacy. | 1. Financial sustainability is not secured by its current legal framework.<br>2. Diminishing resources from development partners and E Gov't Fund<br>3. Marginal compliance of agencies in posting of awards<br>4. No marketing plan for user fees<br>5. Lack of an aggressive campaign plan for the remaining 1,500 plus national/regional agencies to register with the system<br>6. Inability to hire additional resources needed to address the needs of its growing user base.<br>7. Absence of a change management and communication plan  | 1. Implement user fees<br>2. Negotiate for additional funds from donor partners<br>3. Prepare and implement change management plan<br>4. Identify strategies to increase compliance for posting awards, for registration of remaining 1,500 plus agencies   |
| 4. Capability to adapt and self renew                                       | Is associated with organization's ability for change and adaptation. Involves abilities to improve individual and organizational learning, foster internal dialogue, reposition and configure the organization, incorporate new ideas and map out a growth path.   | 1. The absence of a clear career path, employment promotion policy and performance evaluation mechanism<br>2. The absence of a knowledge management strategy and plan to improve individual and organizational learning<br>3. Absence of participatory processes in planning and decision making<br>4. The need for a bigger, more reliable help desk<br>5. The lack of new service delivery paradigms and operating policies to address new and bigger demand for the service.  | 1. Build a documents registry for all of PhilGEPS management & operations data<br>2. Adopt a more coherent and systematic planning process<br>3. Prepare and regularly conduct system and organizational performance evaluation<br>4. Identify internal structural mechanisms that will facilitate involvement and participation of staff and other stakeholders in planning and decision making<br>5. Prepare and adopt strategy for help desk operation   |
| 5. Capability to balance diversity and coherence                            | Includes abilities to communicate, build connection, manage diversity and manage paradox and tension   | 1. The need for greater collaboration and complementation with the GPPB, COA and Civil society to enforce compliance for registration and posting of awards<br>2. Absence of a good communication plan and change management plan  | 1. Work more closely with the GPPB to come up with an action plan to enforce compliance<br>2. Make strategic alliances with COA, Industry associations & Civil society groups to help address registration, compliance & communication issues.<br>3. Prepare communication plan   |

## 9. User Training

One of the major functions of the PhilGEPS is to provide regular training for its users on the use the system. It conducts two modules – one for buyer agencies and one for suppliers<sup>32</sup>. The modules consist of a short video feature about the PS, an MS PowerPoint presentation that includes the legal basis for the PhilGEPS and hands-on exercises while each trainer goes through the different features of the system. Both modules are conducted at the PhilGEPS office in Pasig City with occasional sessions in key regional centers around the country, depending on arrangements made by the DBM regional offices whose role is to coordinate and provide on site logistics for these training sessions.

The buyer training module is a two-day program that costs each trainee P1,200.00 for registration fee. The trainees are responsible for their own travel and accommodation arrangements. The supplier training module is a half-day program that is usually attended by newly registered suppliers or suppliers who are planning to register with the PhilGEPS. Each supplier is charged a fee of P500.00. See Appendix 5 for the outline of the training programs.

The training session for both modules are organized on a first-come, first-serve basis. The training groups are often not homogeneous, with trainees coming from different agencies and backgrounds. Job positions are usually mixed. Yet, the training design being used is standard, regardless of the participants' level of IT literacy or sophistication, and their actual functions in the procurement process.

PhilGEPS has depended primarily on its internal training group including the PhilGEPS Director and the head of the Training and Operations Division to deliver its training modules. A staff from the GPPB is included, when available, to answer GPRA or procurement policy and process specific questions in the open forum segment.

Since the pilot phase in 2000, the PhilGEPS has developed a core training group of over 30 people who have trained over 17,000 buyers, budget officers and auditors from different government agencies, and over 7,500 suppliers. These figures represent 59% of its target buyer training participant and 11% of total suppliers registered with the system.

While the training accomplishment is substantial, these numbers are small when compared to its growing target training population from national government agencies to barangays, from members of the Bids and Awards Committee(BAC) to COA auditors, suppliers and civil society groups. PhilGEPS is seriously rethinking its training program. It is piloting an outsourced training model that is designed to strengthen the program and increase training participant output exponentially. With funding from ADB CDTA, the PhilGEPS identified a private sector group to develop a set of interactive training materials and deliver training programs that are supported by an e-learning platform. It is expanding its training pool by developing a group of government professionals from various agencies who are involved with the procurement process. These individuals have been trained and are undergoing an accreditation process as part of their qualification to be a resource person-trainer for the PhilGEPS training programs.

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<sup>32</sup> The training modules can be accessed at [www.training.philgeps.net](http://www.training.philgeps.net). These are hosted in the service provider's remote site located in the Globe Center.

## 10. Vendor Management

The government managed business model makes available to the PhilGEPS in a short time the technical delivery component of the service. In choosing this type, the PhilGEPS is entrusting to the service provider the responsibility for proper execution of all on-going operations of the system including regular back-ups, system availability, disaster recovery and on-going system development and support so that it can concentrate on its role as owners and managers of the system. It is aware of the inherent risk of a potential vendor lock-in because the provider has most of the technical aspects of the system under its control. In this context, the PhilGEPS considered the choice of its service provider to be of critical importance and has established the following vendor management strategies that will help PhilGEPS keep proper level of supervision and ensure that the system is developed according to the standards:

- (i) Defining the PS and government's business objectives, functional requirements and service level standards for an e-procurement system and ensuring that the choice of the service provider is done through an open competitive bidding process,
- (ii) Providing proper supervision and quality assurance of the work of the service provider to make sure that the system is developed according to agreed specifications and using international or pre-defined local standards
- (iii) Ensuring proper documentation of the systems development and exercising full control of all data.
- (iv) Acquiring and building its internal technical and management capacity for managing the system, specifically in the areas of contract management, quality control and systems maintenance.

PhilGEPS carefully crafted the service agreement with its provider so that it can continuously maintain control of the business operations over the long term and have the option to acquire the current platform at the end of the contract. With the contractual provision for re-tendering every five years, PhilGEPS has the flexibility to rethink its business model or take advantage of other solutions or new technologies that may be more cost effective for servicing its users.

During the development period, the PhilGEPS has made an effort to increase its capacity for managing the system by hiring and training technical staff and retaining the services of an international e-procurement technical specialist. This increasing capacity for vendor management has contributed to building a better partnership framework that provides leadership to the service provider in delivering its contractual commitments and allows PhilGEPS a strong base from which to independently exercise its control over the provider and potentially avoid vendor lock-in..

## 11. Release Timelines

Despite the experience of the pilot phase, delays were encountered in the launching and deployment of the system in 2006. Serious delays continue to be experienced in the development and rollout of the new functionalities. In addition to cost implications, these setbacks are hampering the ability of the system to provide the most benefit to its users and therefore limiting the ability of the PhilGEPS to effectively contribute to the

implementation of the GPRA. Among the many reasons for the delay are:

- (i) interoperability with other government e-systems,
- (ii) unclear policy issues or the need for new procurement policy or procedures,
- (iii) new financial systems requirements and,
- (iv) administrative procedures and approvals.

While the PhilGEPS is targeting the last quarter of 2011 to launch phases two to five, it is possible that these new phases may not be immediately utilized even if they are deployed given the many operating and policy issues that need to be resolved prior to their use.

## 12. Costing and Funding Source

Since the launch of the pilot system in 2000, the PS<sup>33</sup> has been supporting the operation of PhilGEPS from its own limited operating budget. It utilized multilateral and bilateral grants to support its technical resource requirements for developing the system. The pilot phase cost an estimated US\$4.5 million.

The PhilGEPS does not receive a fixed government budgetary subsidy like other regular government agencies. In 2008, the PS secured Php 128 million funding from the E-Government Fund (E-Gov Fund) that is administered by the Commission of Information and Communication Technology (CICT) to pay for the technical operation of the system under its contract with the service provider and a substantial part of its operating costs from 2008 to 2010. Both the pilot service and PhilGEPS generate some revenue from conducting training for suppliers and buyers, and for the issuance of registration certificates to suppliers. These revenues are used to augment the PS funds to support its operating costs.

The decision to fund the project directly during the pilot was intended to promote participation by both the government agencies and the suppliers, and to remove cost as an issue for non-participation. Furthermore, during the first two years of implementation, when the system was not fully patronized, it would have been difficult to apply user fees to access a service which had very limited opportunities. PS wanted to demonstrate first the value proposition of the service not only for reducing costs but more importantly, in increasing capital efficiency and revenues before imposing any fees.

The cost for the delivery of the PhilGEPS service, the support office, the service provider and the technical advisory services is an average of P55 million annually. Table 4 shows the PhilGEPS historical cost summary & funding source for the period 2006 - 2010.

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<sup>33</sup> The Procurement Service is a self-sufficient agency that does not receive any subsidy from the government. It sustains its operations from the 4% commission on sales of common-use supplies, goods and equipment to the government agencies.

**TABLE 4: PHILGEPS ACTUAL EXPENDITURES, 2006-2010**

| Item                      | 2006              | 2007              | 2008                 | 2009              | 2010              | Funding Source              |
|---------------------------|-------------------|-------------------|----------------------|-------------------|-------------------|-----------------------------|
| Operations                | 33,845,737        | 44,151,193        | 8,294,603            | 9,067,470         | 12,267,828        | PS Funds,<br>PhilGEPS funds |
| Systems Dev't & Licensing |                   |                   | 38,518,980           | 38,518,980        | 50,000,000        | E-Gov Fund                  |
| Advisory Services*        | 5,000,000         | 5,000,000         | Estimates<br>unknown | 15,000,000        | 18,400,000        | Grants                      |
| <b>TOTAL</b>              | <b>38,845,737</b> | <b>49,151,193</b> | <b>46,813,583</b>    | <b>62,586,450</b> | <b>80,667,828</b> |                             |

\*Advisory Services Estimated Figures

For the next five years, the PhilGEPS will need an average of Php 100 million annually for its development and operating costs, hosting fees and the increased business brought about by the new functionalities. Table 5 below shows the budget for the period 2011 – 2015.

**TABLE 5: PHILGEPS PROJECTED EXPENDITURES AND BUDGET, 2011-2015**

| Item                       | 2011               | 2012              | 2012              | 2014               | 2015               |
|----------------------------|--------------------|-------------------|-------------------|--------------------|--------------------|
| Operating Cost             | 31,970,793         | 37,789,125        | 39,619,754        | 43,831,581         | 47,263,181         |
| Systems Dev't & Licensing  | 50,000,000         | 50,000,000        | 50,000,000        | 50,000,000         | 50,000,000         |
| Technical Advisory Service | 18,400,000         | 10,000,000        | 10,000,000        | 10,000,000         | 10,000,000         |
| <b>Total Budget</b>        | <b>100,370,793</b> | <b>97,789,125</b> | <b>99,619,754</b> | <b>103,831,581</b> | <b>107,263,181</b> |

The PhilGEPS is challenged by its limited financial capacity and flexibility to maintain and expand the system over the long run. As it significantly becomes the market place for government procurement, it is introducing user fees based on the recommendations of the Business Plan for Implementing User Charges and Fees<sup>34</sup>. The PhilGEPS will charge suppliers a fixed annual registration fee and service fees for selected services beginning the third quarter of 2011 with the implementation of phases two to five. The Business Plan projects that the adoption of user fees will be more than sufficient to operate and further develop the system in the long term.

## 12. Perceived Risk factors and Risk Mitigating Strategies

<sup>34</sup> The Business Plan for User Charges and Fees was commissioned in July 2010 to help set financially sound goals and establish a fee structure to help PhilGEPS attain self sufficiency. The study includes a market survey conducted by a private firm that confirmed the willingness of the majority of suppliers surveyed to pay for services and validated the acceptability of the rate proposal of PhilGEPS.

Table 6 below summarizes the perceived risks factors, possible impact on the project and possible course of action to mitigate these factors.



**TABLE 6: RISK MATRIX FOR PHILGEPS**

| Perceived Risks  | Probability | Possible Impact on Project Implementation & Success  | Possible Courses of Action to Prevent or Mitigate Risks  |
|--|-------------|--|--|
|  | (L,M,H):    |  |  |
| The failure to create a strategic plan for PhilGEPS.   | Medium      | Constrains PhilGEPS ability to develop shared vision for use of the system across government and reduces chances for integration with other critical gov't e-systems   | Secure budget for preparation of strategic plan and include its implementation as a priority task for 2011   |
| Funding for PhilGEPS through DBM regular budget, PS or multilateral agencies cut   | Low         | PhilGEPS will have difficulty supporting the development of additional functionalities; delays in the rollout of phases 2-5; loss of key technical staff; quality of the service may deteriorate                 | Secure approval for & Implement User Fees, secure commitment from the DBM for annual appropriation through regular budget, seek funding for technical assistance from development partners.  |
| Implementation of User Fees not approved by NEDA Board   | Low         | Slow down in the development of functionalities; negative impact on the ability PhilGEPS to provide service (such as help desk & training).  | PhilGEPS will work closely with NEDA and push for immediate approval.  |
| Buyer agencies will not post awards  | Medium      | PhilGEPS may lose credibility as a reliable, transparent e-procurement system, suppliers may discontinue patronizing the system if quality and completeness of the data is an issue                              | Prepare Communication Plan; Intensify campaign for buyers to post awards, negotiate with GPPB and COA to create sanctions for non posting  |
| Buyer agencies will not use new features for their procurement functions   | Medium      | Suppliers may discontinue patronizing the system, Use of PhilGEPS will be limited in making the procurement process more efficient and transparent.  | Intensify training; Implement appropriate change management activities; increase awareness of agencies on the new features.  |
| Users do not have adequate access to ICT infrastructure, hardware and internet connection to use the system  | Medium      | Use of the system is limited to those who have IT/Internet access, not all functionalities are effectively utilized, many local government units & local suppliers will continue not to be connected/registered. | Set up "regional terminals" in the DBM regional offices and PS Depots, where agencies can go to register, encourage use of internet café   |
| Change in leadership at Procurement Service/DBM will delay or derail implementation of PhilGEPS  | Low         | May slow down implementation or change current operational direction   | strengthen capacity of PhilGEPS middle managers; formalize & institutionalize key business processes and procedures; prepare operations manual; build knowledge management database and  |
| Failure to address organizational structure & staffing requirements  | High        | employee turnover is high; PhilGEPS unable to operate efficiently; unable to utilize funds for its operations.   | Prepare an Organizational study to determine most appropriate organizational framework   |
| PhilGEPS is unable to make available quality training programs to all buyers and suppliers.  | Low         | Buyers and suppliers will not register; Users will experience many problems in using the system; Many users may not actively participate in the system.  | Review training programs to ensure its usefulness and utility. Identify new methodologies & strategies to improve reach, integrate e-government procurement in the Professionalization Program for the Procurement Function  |
| Service provider not able to develop the backend system according to PhilGEPS requirements/specifications within the timeframes specified and unable to manage and operate the system efficiently 24/7 | Medium      | PhilGEPS capability to deliver service will be severely constrained, limiting its usability. Users expectations not met and may affect long term sustainability of the system.                                   | Major effort to monitor performance of service provider to ensure that development and deployment of new features meet schedules; review business model options  |
| PhilGEPS is not linked/integrated with other government e-systems  | High        | The value of the PhilGEPS as a tool to contribute to an efficient and transparent procurement system is limited  | Develop an action plan to define linkages with critical e-systems such as Land Bank, the budgeting/financial systems, DTI Business Registration, SEC Registration, and the BIR   |
| PhilGEPS is not integrated in all government procurement units   | Low         | PhilGEPS features not fully utilized,  | develop and implement change management and capacity development plans, collaborate with GPPB & COA for appropriate enforcement measures, provide continuous training, give incentives to motivate agencies to register i.e. free training session, citations etc. |
| Suppliers will not patronize the system  | Low         | system will not be utilized by private sector participating in government procurement, low competition in the bidding process, negative impact on transparency   | Develop an aggressive marketing campaign.  |

## **IV. Future Directions**

The PhilGEPS strategic plan that was prepared in 2006 guided the general direction for building and operating of the system over the last five years. In addition to adopting the features of the pilot EPS, it identified new functionalities that are being developed in phases two to five to be the priority areas for expansion of the service. Many events have taken place since then and a number of the operating assumptions have changed. There are emerging operational issues in implementing the first release and unanticipated issues in deploying phases two to five that are causing serious delays, there are new policy pronouncements and programming directions with respect to procurement reform that have been promulgated by the new administration to strengthen the government's thrust for greater transparency and users who are seeing the benefit of using the system are now asking for more services.

PhilGEPS sees the need to update its strategic plan to chart a new direction that takes into account these changes including the more complex demand side requirements for the system, the potential integration with the government financial planning systems and emerging constraints and challenges that are threatening the sustainability of its operations.

In the short term, PhilGEPS sees the importance in getting full value of its content by adding critical components that increase procurement workflow integration in the procurement cycle, including the potential for integrating with other e-government systems. Some new features that can have tremendous impact on the efficiency of the procurement process include (i) the posting of the Annual Procurement Plans (APP) which will improve transparency, procurement planning and budgeting, (ii) roll out of the pilot MPIs to improve procurement monitoring and linking with other e-government systems for the procurement accreditation document requirements and (iii) supply chain planning and management systems.

From a functional perspective, PhilGEPS is pressed to carefully review its business model to ensure that its operations are sustained as the system evolves. Moreover, it needs to review and strategically address the operating challenges that are discussed in Section 8 of this document.

## **V. Achievements and Results**

### **A. Accomplishments of the System**

As of April 30, 2011, the total number of agencies registered with PhilGEPS reflects an 89% registration for national government agencies (NGAs), 88% for Government owned or Controlled Corporations and 100% of State Universities and Colleges. At the local government level, registration is 94% at the provincial levels, 79% at the municipal level, 99% at the city government and 12% at the barangay level.<sup>35</sup> Table 7 provides a

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<sup>35</sup> The barangay level is the smallest unit of local government. Each barangay has an average annual budget of Php800,000.00 of which only 20% or about Php160,000.00 is spent for procurement primarily for the purchase of medicines.

summary of agency registration by category.

**TABLE 7: SUMMARY OF AGENCY REGISTRATION**  
As of April 30, 2011

| <b>Agency Type</b>            | <b>Total Agencies</b> | <b>Agencies Registered w/ PhilGEPS</b> | <b>% of Total Agencies</b> |
|-------------------------------|-----------------------|--|----------------------------|
| National Government Agencies  | 1829                  | 1620                                   | 89%                        |
| Government Owned & Controlled | 1041                  | 918                                    | 88%                        |
| State Universities & Colleges | 223                   | 223                                    | 100%                       |
| Local Government Units        | 43,694                | 6583                                   | 15%                        |
| Accounts of NGAs & GOCCs      |                       | 2503                                   |                            |
| <b>TOTAL</b>                  | <b>46,787</b>         | <b>11,847</b>                          | <b>25%</b>                 |

On the other hand, supplier registration has grown to over 51,000 as of April 2011. Table 8 shows the milestone statistics for PhilGEPS by transaction type.

**TABLE 8: PHILGEPS MILESTONE STATISTICS**  
As of April 30, 2011

| <b>Transaction Type</b>                    | <b>Totals</b>                |
|--|------------------------------|
| Total Registered Agencies                  | 11,847                       |
| Total Registered Suppliers                 | 51,113                       |
| Total Bid Notices Posted                   | 1,309,312                    |
| Total Awards Posted                        | 234,840                      |
| Total Downloads                            | 1,202,425                    |
| <b>Total (ABC Value) of Notices Posted</b> | <b>Php 4,672,387,914,556</b> |

## **B. Impact on Government Procurement Costs**

Undoubtedly, government is realizing benefits from the implementation of the PhilGEPS. These include greater participation in the bidding process that is translating to better prices for common-use items. The PS Director claims that prices of common goods have gone down by an average of 10% - 25% compared to pre-PhilGEPS tenders. The increase in competition is bringing down the prices goods. For the PS, this means buying more supplies for less. There is also substantial savings in office supplies and

internal administrative time as bid documents; pre-bid conference bulletins and other documents can now be automatically downloaded.

Perhaps the biggest quantifiable impact of the PhilGEPS to the government at this point is the savings resulting from the reduction in advertising bid opportunities. Originally, all agencies are mandated by law to publish bid opportunities three times in a newspaper of general circulation. Under the GPRA, advertisements have been reduced to only once plus posting in the PhilGEPS. As of January 2011, the government has saved over P564 million in advertising costs from using PhilGEPS. The savings on this item alone is already 20% more than the P467.06 million total investment of the PhilGEPS for building and maintaining the system including the costs for operating the pilot phase.

### **C. Impact on the Procurement Process**

Even without the benefit of a performance evaluation, PhilGEPS data on the use of the service show that it is contributing to and supporting a more efficient and competitive procurement process. Key agencies interviewed claim that because they have access to more suppliers located nationwide, they are able to do better benchmarking or market intelligence which translate to better quality purchasing decisions and higher quality goods for the government. PhilGEPS is contributing to making the procurement function more uniform without centralizing the buying process. The audit function of the system is strengthening internal monitoring and control and promoting greater transparency.

### **D. Impact on Private Sector Suppliers**

The growth of the PhilGEPS over the last few years is helping establish a strong, competitive marketplace. It has seen a steady rise in its user base since its implementation in 2000. The results of the market survey conducted in July 2010 affirm that suppliers generally find the PhilGEPS to be a cost effective and efficient way of doing business with government.<sup>36</sup> PhilGEPS provides suppliers equal and easy access to government bid opportunities 24/7, electronic documents downloading and automatic notification of bid notices. More importantly, it provides greater opportunity for small and medium enterprise (SME) participation.

PhilGEPS is providing suppliers with increased business opportunities without the need to transact with the agencies face to face at the exploratory stage of the process. Suppliers, whether small or large, are able access a bigger market. Companies operating in any region in the Philippines are able to participate in bidding regardless of physical location. For example, a company based in the Visayas is able to bid (and win) for the requirements of a government agency located in Baguio City. This translates to more efficient use of supplier time and lowers marketing and business development costs.<sup>37</sup>

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<sup>36</sup> Market Survey Results conducted by I-View in July 2011. The market survey was a component of the Business Plan for User Charges and Fees.

<sup>37</sup> Business Plan for User Charges and Fees, July 2010.

Suppliers believe that, as the only service with a consolidated source of government bid opportunities, the use of PhilGEPS does not only promote transparency and accountability, it also contribute to economic growth.

## **E. Other Results**

The Philippine Contractors' Association, the Commission on Audit and the Construction Sector Transparency Initiative (CoST) are piloting projects that will use the PhilGEPS for greater disclosure and assurance activities in procurement. One of these pilot projects is the Material Project Information (MPI) which aims to support monitoring and contract management by disclosing information on actual progress of the work for ten contracts for key government construction and infrastructure projects. PhilGEPS will host the MPI for the government agencies that are disclosing project procurement information on their infrastructure and civil works projects. Through the (MPI), greater transparency is achieved because government agencies and other users involved in contract management or auditing functions have access to uniform information on implementation status and civil society is able to actively participate in monitoring.

## **VI. Critical Success Factors**

Key success factors for the PhilGEPS include:

- (i) Government leadership, including political ownership, that consistently provides the vision for e-procurement and procurement reforms. The leadership must be complemented with strong direct support and sponsorship of senior government managers (change champions) whose primary concern is to engage and elicit stakeholder support by communicating well documented, clear e-procurement goals and policies.
- (ii) Project must be right resourced. Sufficient financial and human resources must be made available from the start to effectively implement the project and sustain its operations in the long run.
- (iii) A clearly defined policy and legal framework in place to support the procurement reform and implementation of the PhilGEPS. The timely passage of the GPRA and the formulation of the revised IRRs made possible necessary organizational and process reforms that helped institutionalize the role of the PhilGEPS in government procurement.
- (iv) A carefully defined business model that meets the procurement operational and policy requirements, recognizes the weaknesses and limitations of the government legal and ICT structures, takes into consideration costs and major risk factors including business policies and practices that affect the development, implementation and management of the PhilGEPS.

- (v) A change management strategy and action plan in place at the beginning of implementation that is adequately funded.
- (vi) The reliability and capability of the PhilGEPS infrastructure (particular network connectivity) and adequate systems integration with both buyers and suppliers infrastructure.

## **VII. Key Implementation Challenges**

While the PhilGEPS has made substantial progress in deploying the system, considerable challenges remain ahead. The following presents the key implementation challenges that will have significant impact on the sustainability of the system.

### **A. E-readiness of Buyers and Suppliers.**

Even as the IT sector is increasingly becoming an important contributor to the economy, the Philippine e-Readiness ranking has been declining from a high of 49 in 2004 to 55 in 2008.<sup>38</sup> The ranking, which is prepared annually by the Economist Intelligence Unit, is a composite of the existing ICT infrastructure, access and environment, investment policy, and socio-economic factors related to internet usage. All of these factors are considered critical for the development of the information economy. Simply put, the Philippines is being left behind by other countries in terms of broadband infrastructure and internet access.

Sufficient broadband and internet access are fundamental IT elements required to access the PhilGEPS. While many initiatives are being undertaken by different government agencies to extend capabilities of the government telecommunications network (TELOF), limited IT infrastructure continues to be a constraint that restricts both buyers' and suppliers' access and use of system.

### **B. Buyer and Supplier Registration**

Over 1,500 agencies at the national and regional levels are not yet registered with PhilGEPS. On-boarding these agencies may require a different strategy. PhilGEPS needs to recognize their constraints and adopt a more creative approach to registration.

Over 80% of the local government units (barangay level) are still not connected to the system.<sup>39</sup> Collectively, the barangay units are important even if their procurement volume is relatively low because barangays have control of and make decisions on their procurement needs. Getting these units registered with the PhilGEPS is vital for

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<sup>38</sup> The lower the score the higher the ranking.

<sup>39</sup> The survey conducted by PhilGEPS in 2006 prior to its launching to assess readiness of barangay communities showed that use of the internet at the barangay level was limited even if over 50% had internet access.

implementing procurement related policy and for providing alternate competitive sources of supply in or outside their local area, both essential ingredients for establishing an open and transparent market place. Since PhilGEPS' implementation in 2006, barangay registration continues to be insignificant with only 6,583 units or 15% of a total of 43,694 barangay units being registered as of April 2011.

Key agencies interviewed estimated that over fifty per cent of national government suppliers are not using the PhilGEPS. On the other hand, those that are registered are limited in the use of the system by the lack of knowledge on the procurement law and on the use of PhilGEPS. Suppliers will patronize PhilGEPS primarily if they can have real time access to bid opportunities and awards for all government agencies - this is key to expanding the suppliers' registration.

It might be important to point out that the registration of buyers and suppliers are distinct but interrelated issues. If buyers do not use the service, suppliers will find little value in the content and will not support the system. If the service does not register a large enough supplier base, agencies will not feel they are reaching the expected audience and they would still need to perform manual processes to invite suppliers to bid. In this context, 100% registration of both buyers and suppliers is essential for the PhilGEPS to succeed.

### **C. Buyer Compliance**

Majority of registered buyers limit their use to posting the bid opportunities. Many agencies do not post bid documents and awards, seriously affecting the consistency, completeness in information and proper classification of the bid opportunity submissions. For the period 2000-2010, only 215,347 or 18% of the total of 1.23 million notices were posted. Improving the quality of agency submissions to meet suppliers' expectations, and getting compliance for posting of awards impact on (i)transparency, (ii)the credibility and integrity of the system, (iii)the ability of the PhilGEPS to grow and sustain supplier enrollment, and (iv) revenue generation. In the market survey conducted in July 2010, the quality of the content was cited by majority of the private sector respondents as a key factor that will determine whether suppliers will continue to register and start paying user fees. The compliance challenges are complex and will need time and resources to fully resolve.

### **D. Integration and Interoperability**

One of the most difficult challenges is the inability of the PhilGEPS to connect and interact with different procurement related government systems. Integration of the PhilGEPS to key financial and budgeting process such as the DBM (financial planning and budgeting), the BIR (TIN verification & tax mapping), the DTI and local governments (Business Name and Local Business Permit), the SEC (SEC Registration) and the banking system (Land Bank, DBP or Phil Veterans Bank for e-payment) is fundamental to streamlining the procurement process, instituting better standardized procurement management practices and in instilling greater transparency.

Integration and interoperability for many systems with PhilGEPS is a complicated issue in part because of the lack of a clear government IT policy on integration and interoperability and the lack of an IT policy relating to procurement issues that have resulted in difficulties in many aspects including programming, compatibility, technical standards, data base configuration, and legacy systems. Given these challenges and constraints, PhilGEPS will need a practical approach to integration and will need to understand that any significant effort to resolve these challenges will require the collaboration of many different agencies and an enormous amount of time and resources.

#### **E. Training for Buyers and Suppliers.**

The fast growing user base that is a result of the legal requirement to register with the system and the development of new functionalities will require PhilGEPS to drastically increase its capacity to deliver training. It needs to constantly update its user guides and other training materials to keep up with systems upgrades, implementation of new features and adoption of new procurement policies and GPPB promulgations. The PhilGEPS realizes that its training capacity and resources are limited. While it is piloting other delivery methods including outsourcing and exploring the use of e-learning to serve its target training population, this remains to be a daunting task with no strong strategy to meet its training goals.

#### **F. Policy gaps in Implementation**

While the GPRA appears to have systematized and unified the procurement process, many dysfunctions can still be observed that affect the implementation of the PhilGEPS. As the newest tool to support government procurement, its role needs to be constantly reflected and carefully situated in policies and other competing programs particularly at the agency level. The very high number of non-posting of awards is an example. Despite the provision in the law, no agency has taken any action to correct the deficiency. Various agencies involved in monitoring and enforcing the law appear not to be clear who should take responsibility to do so. One reason cited by the agencies for this situation is that the GPRA and its IRR do not spell out any consequence for non posting or incentive for posting. A second example is the allocation of resources to support procurement policy implementation. While procurement is identified as a priority reform area, many government offices at the national and local levels do not consider the procurement function an important area for IT resource support. Most buyers or procurement units are not equipped with the right hardware, software and Internet access and often depend on shared, intermittent use of IT facilities which consequently limits their ability to effectively use the system for their procurement function.

#### **G. The Organization Structure of the PhilGEPS**

A number of critical issues are affecting the organizational set up of the PhilGEPS. The service was first created under the PS to support only the procurement of common



goods and services. Since then, the system has evolved to become the central portal for all government procurement. Its structure however, remains unchanged. The workforce has marginally grown, severely restricting the organization's ability to meet the many demands of its expanding user base. Majority of the staff including the Project Director now find themselves multi tasking to the point where some of the operational activities are behind schedule and users are not promptly responded to.

In its vital role as a tool for policy implementation, the PhilGEPS supports the GPPB, which is the policy and oversight body for the procurement function. The two units have complementary but separate roles. From an organizational perspective, the two functions need to be aligned in order for the PhilGEPS to be able to effectively support the GPPB. Recently, the GPPB has been moved to the DBM leaving the PhilGEPS under the PS in a rather awkward position that may diminish the ability of the system to contribute to a more effective procurement process.

Currently, PhilGEPS reports to the Procurement Service but is being supervised by the GPPB. In interviews with officers and staff, it would appear that the DBM also exercises some functional authority over the PhilGEPS. In 2011, this relationship with the DBM will be more formalized, as the DBM will be providing substantial budgetary support beginning this year. This situation is creating confusion and is resulting to unclear reporting lines and unclear accountability.

Moreover, PhilGEPS is constrained to follow the same bureaucratic administrative processes that govern the PS and the DBM, most of which do not apply to the operation of an electronic procurement system. The ability of the PhilGEPS to support a transparent and competitive market place depends on its capacity to operate the system and respond to the demand of its user base efficiently as it grows. The PhilGEPS structure needs to evolve as the system expands. It needs to explore new organizational arrangements within the existing legal framework to be able to operate the system efficiently, build a deep resource base particularly with the team that is running the technical systems and have the flexibility to reposition its other resources as it sees fit in meeting emerging user demands.

## **H. Engaging Users and Citizenry**

While the PhilGEPS is designed to be accessible by anyone, many stakeholders are still not aware of its existence even after almost five years of implementation. During the recent Good Governance Workshop that was sponsored by the Business World,<sup>40</sup> only two of about sixty private sector participants had heard of the PhilGEPS. The Philippine participants of the World Bank e-learning series on eProcurement similarly identified the lack of awareness of both buyers and suppliers as a key institutional weakness in implementing electronic government procurement.

Increasing understanding on the role of the PhilGEPS in the context of the overall procurement function and how it works will be important in engaging its broad based

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<sup>40</sup> Workshop entitled Good Governance: Why Good Companies Win, Held at the Discovery Suites, Pasig City on May06,2011. The Executive Director of the PhilGEPS was the resource person on the government's e-procurement system.

stakeholders to actively participate in its use. In turn, this will spell the ultimate success of the system.

### **VIII. Lessons Learnt**

PhilGEPS had many insights from studying the experiences of other well-developed e-procurement initiatives, in particular the MERX system. Many lessons were learned from observing these systems and from its experience in operating its own service over the last five years. Listed below are key lessons learned:

- (i) Since government e-procurement is a new experience for government, it is important to recognize and consider resource constraints. Experienced e-procurement resources may be very limited in the beginning. At least one well trained, IT experienced and knowledgeable senior manager must be involved as early as the planning phase of the system who will serve as the implementation and management champion, bringing cohesiveness to the organization, leading the support staff, and guiding the technical implementation team and other stakeholders that need to be brought on board.
- (ii) Taking full advantage of the experience of consultants and other technical resources made possible the customization of the PhilGEPS to meet key requirements of the Procurement Law and the development of a proven system of implementation. This is important particularly during development and pilot phases when internal capacity for building the system is almost nonexistent.
- (iii) The adoption of a phased approach to the implementation of the system gave the opportunity to increase buy-in and usage. It gave the users the chance to learn from each step of the process and enabled new procedures to be considered and tested in a controlled environment. This allowed time to plan and prepare for the implementation of new functionalities. The approach is working well for PhilGEPS particularly because its resources for developing the system are limited.
- (iv) Sufficient financial and human resources must be made available from the start to effectively implement the project and sustain its operations in the long run.
- (v) The primary role of e-procurement is to provide access to all government procurement information to different stakeholders. Its success depends on a foundation of sound procurement practices and processes and presence of appropriate procurement organizational structures. If the system is to deliver the desired benefits, it is crucial that the implementation of the system be viewed as an enabler and not a solution. It is important to clarify and make sure that users' expectations about the extent to which procurement related issues and problems might be addressed by the e-procurement system are realistic.

- (vi) The choice of an outsourced provider to deliver the backend system can be economical for the government by ensuring a completely managed solution that is covered by a well defined service level agreement for the performance of the service in the following aspects:
  - (a) providing and managing applications and operational processes,
  - (b) providing and managing infrastructure,
  - (c) managing and monitoring connectivity and
  - (d) providing storage, and infrastructure hosting.
- (vii) The change management element of the project is often underestimated despite the fact that resistance to changes in established procurement processes and practices have been consistently identified as a major challenge to implementation. Understanding its importance to the success of the PhilGEPS and providing sufficient resources for implementing change management activities can lessen implementation stress, avoid serious operating delays and increase efficiency. Change management issues must be identified early in the planning stage and must be dealt with continuously throughout implementation.
- (viii) Any change management program must have a good communication plan that clearly defines how the project intends to inform, educate and get commitment and support from different stakeholders. Clear communications that use consistent language is a must - whether on the website, in project documents or in training sessions
- (ix) The project should have the right quantity and mix of skills. Recruiting staff at the start of the project that have the skills, abilities and experience required to implement the system and clearly defining and clarifying roles and accountability will ensure the smooth roll-out and efficient management and maintenance of the system.
- (x) People make the system work. Motivation and collaboration of agency buyers, suppliers, the general public and staff are critical for the efficient and effective implementation of the PhilGEPS. While various users have diverse, sometimes conflicting motivations, training appears to be one common motivator for all stakeholders. Understanding the training needs, designing and delivering effective training programs that meet the needs of specific stakeholder groups' concerns significantly motivates and increases usage and support to the e-procurement system

Intense training prior to go-live is critical to make certain that the government agencies and suppliers are familiar and confident in its use. The training materials should be formulated after the completion of all system testing and enhancements have been installed. This will guarantee that training materials are up-to-date and relevant to end-users.. Moreover, because IT equipment and infrastructure is uneven across government agencies, training needs to be hands-on and provided in a well-supported environment.

# APPENDICES

## **APPENDIX 1: SUPPLIER TERMS AND CONDITIONS**

### **Supplier Terms & Conditions**

#### **New User Registration Supplier Agreement**

#### **PHILGEPS Supplier Agreement**

##### **Terms and Conditions**

To use the Philippine Government Electronic Procurement System as a Supplier, you must agree to the following Terms and Conditions by clicking the "I accept" button. By submitting your registration information, you indicate that you agree to the Terms and Conditions and have read and understand all the provisions included. Your submission of this form will constitute your consent to the collection and use of this information for processing and storage by the Procurement Service. You also agree to receive required administrative and legal notices such as this electronically.

##### **1. Definitions**

1. "Associated Component" means a document in electronic or non electronic form that contains bid information for a Supplier to prepare and submit a proposal to a government agency for an intended procurement. A Component can also refer to plans (blueprints), layouts, drawings, brochures or physical items such as video tapes, computer CD's, or samples of goods.
2. "Information" means all of the information, software and other materials provided in connection with or available through the Philippine Government Electronic Procurement System, including the procurement information, Bid Notices and Associated Components that government agencies distribute through the PhilGEPS System service.
3. "Philippine Government Electronic Procurement System"(PhilGEPS) means the electronic commerce service owned and operated by Procurement Service - Department of Budget and Management, which serves as the central portal for all procurement information and activities of the Government of the Philippines. The PHILGEPS supports the distribution of these information about the procurement requirement for goods and general support services, civil works or infrastructure projects and consulting services.
4. "Opportunity Notice" means a summary in paper or electronic form of the information relating to an intended procurement.
5. "Government Agency" means the Government of the Philippines or any other public organization that has licensed the Procurement Service, Department of Budget and Management to advertise and distribute its procurement information.
6. "Supplier" means an individual or entity that has ordered one or more Bid Components from and is registered with the Philippine Government Electronic Procurement System.
7. "Order Basket" refers to a collection of orders for one or more PHILGEPS' Associated Components. Upon the submission of the Order Basket, the content of the basket is complete.

## **2. Ownership and Use of Information**

1. We acknowledge that any Information that we receive through the Philippine Government Electronic Procurement System is owned either by the government agency that issued the Information or by the Procurement Service-DBM. We agree that we will not use, store, copy, or reproduce the Information, or distribute or disclose it to any third party, except for the sole purpose of having such third party assist us in evaluating an opportunity or preparing a response to an opportunity. We agree that we will not sell to any third party, or make available for the purpose of resale to any third party, any Information received from the Philippine Government Electronic Procurement System without the prior written consent of PS-DBM.

## **3. Confidentiality and Security**

1. We acknowledge that the Procurement Service-DBM cannot ensure the privacy and authenticity of any information that we send or receive through the Internet, and we agree that PS-DBM will not be responsible for any damage/s that we incur if we communicate confidential information to Procurement Service-DBM over the Internet, or if the Procurement Service-DBM communicates such information to us at our request.
2. We agree not to disclose our Philippine Government Electronic Procurement System password to any third party. We agree that we are solely responsible for all use of our password and we agree to put reasonable security procedures in place regarding its use and to notify Procurement Service-DBM immediately of any unauthorized use.
3. We acknowledge that links to other Web sites through the Philippine Government Electronic Procurement System do not imply any endorsement or approval by PS-DBM.

## **4. Use of Internet**

1. We acknowledge that if we access the Philippine Government Electronic Procurement System through the Internet or other online access methods, we are Responsible for reading and complying with any notice/s, warning/s or disclaimer/s posted on the Procurement Service - Department of Budget and Management or contained in the attached Internet Notices Page.

## **5. Consent - Use of Name**

1. We authorize the Procurement Service-DBM to make our name available to other registered users and authorized users of the Philippine Government Electronic Procurement System at any time and in any format for the purpose of meeting the requirements of the Philippine Government Electronic Procurement System, including the publication of document request lists and the names of successful bidders, but excluding the provision of our name to other third parties for the purpose of mailing lists or any other purpose not related to the Philippine Government Electronic Procurement System.

## **6. Change of Address**

1. We agree that we are responsible for providing our current delivery or invoicing address, our fax delivery number or our e-mail address to the Procurement Service-DBM for the Philippine Government Electronic Procurement System. We will notify PS-DBM immediately of any change of these addresses, by mail, by fax or by telephone.

## **7. Changes to Service and Agreement**

1. We acknowledge that, from time to time, and at its discretion, the Procurement Service-DBM may amend the features of the Philippine Government Electronic Procurement System, including the terms and conditions or pricing of this Agreement. PS-DBM will provide us within sixty (60) days notice of any changes to the terms and conditions in writing or on-line through the Philippine Government Electronic Procurement System.

## **8. Termination**

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3. On termination, we will return any Information provided to us on reasonable request by the Procurement Service-DBM.

## **9. Liability**

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3. We agree that we will indemnify and hold harmless PS-DBM and its officers, directors, employees, agents and subcontractors for any loss, damage, cost, expense, liability or claim suffered or incurred by, or made against, PS-DBM arising out of our breach of this Agreement, or our fraud, misrepresentation, negligence or willful misconduct in our performance or non-performance under this Agreement, but our liability in any one year under this Agreement will be limited to the value of the charges incurred by us for the Philippine Government Electronic Procurement System in the twelve (12) months preceding PS-DBM's claim or demand against us.

## **10. Laws of Application**

1. We agree that this Agreement will be governed by the laws of the Government of the Philippines.

## **11. Assignment**

1. We agree that PS-DBM may assign this Agreement, in whole or in part, without our consent, and we may not assign this Agreement in whole or in part.

## **12. Prior Agreements**

1. We agree that this Supplier Agreement supersedes any prior versions of the Supplier Agreement governing the Philippine Government Electronic Procurement System.

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## **APPENDIX 2: BUYER TERMS AND CONDITIONS**

### **Buyer Terms & Conditions**

#### **New User Registration Buyer Agreement**

#### **PhilGEPS Buyer Agreement**

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3. We agree that we will indemnify and hold harmless PS-DBM and its officers, directors, employees, agents and subcontractors for any loss, damage, cost, expense, liability or claim suffered or incurred by, or made against PS-DBM arising out of our breach of this Agreement, or our fraud, misrepresentation, negligence or willful misconduct in our performance or non-performance under this Agreement, **but our liability in any one year under this Agreement will be limited to the value of the charges incurred by us for the PhilGEPS in the twelve (12) months preceding PS-DBM's claim or demand against us.**

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## **APPENDIX 3: PRIMARY STAKHOLDERS' OBJECTIVES**

### **Primary Stakeholder Objectives for e-procurement**

#### **Procurement Service:**

- Facilitate the ordering of common office supplies and supplementary items by client/agencies in order to increase the volume of goods sold and monitor buying patterns. Increased sales provides PS with greater negotiating power to further reduce the cost of goods to government.
- Establish a more effective mode of communication with the supply community in order to create a more transparent and competitive environment for public tenders and hence realize further savings through competition.
- Streamline existing practices and processes within PS to improve the services to client agencies and enable PS to re-allocate some resources to growing the number of agencies they service, growing the supplier base and price monitoring.
- Improve reporting processes and inventory management to ensure appropriate stock levels are maintained in the warehouse to meet agency requests in a timely manner. PS wants to ensure they fulfill agency requests as fast as possible to avoid agencies performing maverick buying for common supplies to meet short-term needs.
- To establish the PS procurement site as the central government portal for public procurement and purchasing.

#### **Department of Budget and Management:**

- Implement a system to monitor purchasing and procurement activities across all agencies so that could exercise better its monitoring function, provide better forecasts and identify any anomalies in purchasing patterns.
- Implement processes that would help minimize cost to the government. By providing PS and agencies with the appropriate tools to support the procurement and purchasing processes, DBM and PS would be able to leverage their investment across all agencies.
- Implement processes that would make the government more efficient. An electronic purchasing system could help DBM establish an electronic request for funds, approvals and the disbursement of funds directly to PS for agency purchases. These processes would reduce the paper flow and reduce the time to process standard transactions

#### **The Government of the Philippines:**

- The government has a goal to establish an open, transparent procurement process across all agencies to help create a competitive environment and comply with trade commitments of the WTO and APEC.
- Ensure all suppliers have equal access to opportunities and help implement economic development initiatives and enhance competitiveness through government procurement

**APPENDIX 4: PhilGEPS PLANTILLA AND JOB ORDER POSITIONS**

| PhilGEPS Plantilla And Job Order Personnel, As of 30 April 2011 |              |                        |                         |                    |                         |                       |
|---|--------------|------------------------|-------------------------|--------------------|-------------------------|-----------------------|
| DBM Approved Position Title                                     | Salary Grade | Basic Monthly Salary * | Additional Compensation | Total Gross Salary | Name of Incumbent       | Status of Appointment |
|   |              |                        |                         |                    |                         |                       |
| Director III  | 27           | 45,505.00              | 13,000.00               | 58,505.00          | Rosa Maria M. Clemente  | Contractual           |
| Information Officer V   | 24           | 37,473.00              | 8,000.00                | 45,473.00          | Leah Nimfa M. Valdez    | Contractual           |
| Information Tech. Officer III                                   | 24           | 37,473.00              | 8,000.00                | 45,473.00          | Joele H. Eayte          | Contractual           |
| Information Tech. Officer II                                    | 22           | 32,973.00              |                         | 32,973.00          | Ulysses H. dela Cruz    | Contractual           |
| Information Systems Analyst II                                  | 16           | 21,969.00              |                         | 21,969.00          | Mary Jane T. Dacumos    | Contractual           |
| Information Sys Researcher II                                   | 14           | 19,112.00              |                         | 19,112.00          | Ma. Ditas M. Mendoza    | Contractual           |
| Information Sys Researcher II                                   | 14           | 19,112.00              |                         | 19,112.00          | Mary Ann O. Gutierrez   | Contractual           |
| Information Sys Researcher II                                   | 14           | 19,112.00              |                         | 19,112.00          | Archivald S. Navarro    | Contractual           |
| Information Systems Analyst I                                   | 12           | 16,726.00              |                         | 16,726.00          | Vacant                  | Contractual           |
| Information Systems Analyst I                                   | 12           | 16,726.00              |                         | 16,726.00          | Reina F. Bailon         | Contractual           |
| Information Systems Analyst I                                   | 12           | 16,726.00              |                         | 16,726.00          | Marc R. Hordejan        | Contractual           |
| Comp. Maint. Technologist I                                     | 11           | 15,649.00              |                         | 15,649.00          | Vacant                  | Contractual           |
|   | 11           | 15,649.00              |                         | 15,649.00          | July R. Suing           | Job Order             |
|   | 11           | 15,649.00              |                         | 15,649.00          | Joanna D. Makalinaw     | Job Order             |
|   | 11           | 15,649.00              |                         | 15,649.00          | Angelo N. Dalisay       | Job Order             |
|   | 11           | 15,649.00              |                         | 15,649.00          | Francisco S. Punzalan   | Job Order             |
|   | 11           | 15,649.00              |                         | 15,649.00          | Carl Michael R. Espejo  | Job Order             |
| Information Sys Researcher I                                    | 10           | 14,641.00              |                         | 14,641.00          | Neolodino C. Banaga     | Contractual           |
| Administrative Assistant III                                    | 9            | 13,663.00              |                         | 13,663.00          | Brian N. Gerona         | Contractual           |
| Administrative Aide II  | 2            | 8,189.00               |                         | 8,189.00           | Jaime J. Tecson         | Contractual           |
| Administrative Officer II                                       | 11           | 15,649.00              |                         |                    | Tristan Romeo G. Pascua | Job Order             |
| Cashier   |              |                        |                         |                    | Nona L. Reyes           | detailed from PS      |
| Driver  | 4            | 9,536.00               |                         |                    | Glenn S. Navarro        | Job Order             |
| Administrative Officer I  | 1            | 7,575.00               |                         |                    | Alvin Llapitan          | Contractual           |

\*Step 1 rates

## APPENDIX 5: OUTLINE OF TRAINING PROGRAMS FOR BUYERS AND SUPPLIERS

### Buyer Training

#### Day 1

- 1.0 Overview
- 2.0 How to Disable Pop-Ups
- 3.0 Splash Page
- 4.0 My GEPS
  - 4.1 Login Page
  - 4.2 My Notices
    - 4.2.1 View Bid Notices
    - 4.2.2 Create a Bid Notice – Single or 2-Stage Bidding
    - 4.2.3 Public Bidding/Shopping/Limited Source/Direct Contracting/  
Negotiated Procurement
    - 4.2.4 How to Include Line items
    - 4.2.5 To Add Line Items To Frequently Used List
    - 4.2.6 To Save A Notice Template
    - 4.2.7 Attach An Associated Component
    - 4.2.8 View a Bid Notice Abstract
    - 4.2.9 Edit a Bid Notice
    - 4.2.10 Delete a Bid notice
    - 4.2.11 Post a id Notice
    - 4.2.12 Change Status from Pending to in Preparation
    - 4.2.13 Create a Bid Supplement
    - 4.2.14 Add Supplier to the Document Request List
- 5.0 My Organization
  - 5.1 Organizational Profile
  - 5.2 Sub-Organization Profile
  - 5.3 Organization Contact List
  - 5.4 Organization History
  - 5.5 Accredited Suppliers
  - 5.6 Blacklisted Suppliers
- 6.0 My Profile
  - 6.1 View Own Profile
  - 6.2 Update Own Profile
  - 6.3 Change Password
  - 6.4 Activity

#### Day 2

- 7.0 Award Creation
  - 7.1 Create A Bidder's List
  - 7.2 How to Shortlist Suppliers
  - 7.3 Create Bid Notice -2<sup>nd</sup> Stage Bidding
  - 7.4 Create an Award Notice
  - 7.5 Upload Associated Document
  - 7.6 Cancel/Postpone/Fail a Bid
  - 7.7 Repeat Order
  - 7.8 View Detail Tracking Report
  - 7.9 Award Notice List
- 8.0 Pending Task
- 9.0 Opportunities
  - 9.1 Open Opportunities
  - 9.2 Former Opportunities
  - 9.3 Award Notices
- 10.0 Directory
  - 10.1 Buyer Directory
  - 10.2 Supplier Directory

Open Forum

Distribution of Certificates



**Supplier Training**

Opening Prayer

6.0 Overview

7.0 Splash Page

8.0 My GEP

3.1 Pending Tasks

3.2 Invitations to Bid

3.3 Bid Matches

3.4 Since Last Login

3.5 Award/Shortlisting Notices

4.0 My Opportunities

4.1 View Bid Notice Abstract

4.2 View Associated Components

5.0 My Organization

5.1 Organization Profile

5.1.1 Update Organization Profile

5.2 Sub-Organization List

5.2.1 View Sub-Organization Profile

5.2.2 Create New Sub-Organization

5.2.3 Edit Sub-Organization Profile

5.3 Organization Contact List

5.3.1 View Contact Profile

5.3.2 Create New Contact

5.3.3 Edit Contact Profile

5.4 History

5.5 User Activity

6.0 How to Disable Pop-Up Blockers

7.0 My Profile

7.1 View Own Profile

7.2 Update Own Profile

7.3 Change Password

7.4 Activity

7.5 Create Bid Matching Profile

8.0 Opportunities

8.1 Open Opportunities

8.1.1 View By Category

8.1.2 View By Agency

8.1.3 Simple Search/Detailed Search

8.1.4 View Bid Notice Abstract

8.1.5 Order Bid Documents

8.2 Former Opportunities

8.2.1 View/Search same as Open Opportunities

8.3 Award Notices

9.0 Directory

9.1 Buyer Directory

9.1.1 View By Government Sector

9.1.2 Search Buyer Organizations

9.1.3 Search Buyer Registered Contact

10.0 About GEPS

Open Forum

Distribution of Certificates

## APPENDIX 6: DETAILED SUMMARY OF AGENCIES REGISTERED WITH PHILGEPS

### Agencies Registered with PhilGEPS vs. Total No. of Agencies ( Percentage )

As of April 30, 2011

| <b>National Government Agencies</b>                                  | <b>Total No. of Government Agencies</b> | <b>Agencies Registered with PhilGEPS</b> | <b>Percentage of Total</b> |
|--|---|--|----------------------------|
| a. <i>Department Level</i>   | 22                                      | 22                                       | 100%                       |
| b. <i>Regional / Bureaus / Attached Agencies / Executive Offices</i> | 1807                                    | 1598                                     | 88.43%                     |
| <b>TOTAL</b>   | <b>1829</b>                             | <b>1620</b>                              | <b>88.57%</b>              |

| <b>Government-Owned &amp; Controlled Corporations</b> | <b>Total No. of Government Agencies</b> | <b>Agencies Registered with PhilGEPS</b> | <b>Percentage of Total</b> |
|---|---|--|----------------------------|
| a. <i>National Capital Region</i>                     | 78                                      | 78                                       | 100%                       |
| b. <i>Regional / Branches / District Offices</i>      | 963                                     | 840                                      | 87.23%                     |
| <b>TOTAL</b>  | <b>1041</b>                             | <b>918</b>                               | <b>88.18%</b>              |

| <b>State Universities and Colleges</b>  | <b>Total No. of Government Agencies</b> | <b>Agencies Registered with PhilGEPS</b> | <b>Percentage of Total</b> |
|---|---|--|----------------------------|
| a. <i>National Capital Region</i>   | 16                                      | 16                                       | 100.00%                    |
| b. <i>Regional</i>  | 112                                     | 112                                      | 100.00%                    |
| <i>other campus/schools (not included in the directory list but reg. w/ PhilGEPS)</i> | 95                                      | 95                                       | 100.00%                    |
| <b>TOTAL</b>  | <b>223</b>                              | <b>223</b>                               | <b>100.00%</b>             |

| <b>Local Government Unit</b> | <b>Total No. of Government Agencies</b> | <b>Agencies Registered with PhilGEPS</b> | <b>Percentage of Total</b> |
|------------------------------|---|--|----------------------------|
| a. <i>Provincial</i>         | 80                                      | 75                                       | 93.75%                     |
| b. <i>City Government</i>    | 118                                     | 117                                      | 99.15%                     |
| c. <i>Municipal</i>          | 1501                                    | 1182                                     | 78.75%                     |
| d. <i>Barangay</i>           | 41995                                   | 5209                                     | 12.40%                     |
| <b>TOTAL</b>                 | <b>43694</b>                            | <b>6583</b>                              | <b>15.07%</b>              |

| <b>Accounts of NGA's, &amp; GOCC's</b> |              | <b>2503</b>  |               |
|--|--------------|--------------|---------------|
| <b>TOTAL</b>                           | <b>46787</b> | <b>11847</b> | <b>25.32%</b> |

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