

[GPPB RESOLUTION NO. 06-2005, April 01, 2005]

**APPROVING AND ADOPTING THE GUIDELINES ON THE USE OF
AN ORDERING AGREEMENT UNDER THE GOVERNMENT
PROCUREMENT REFORM ACT**

WHEREAS, Republic Act No. 9184 (RA 9184), entitled "An Act Providing for Modernization, Standardization and Regulation of the Procurement Activities of the Government for other Purposes," was signed into law on January 10, 2003, and took effect on January 26, 2003. On the other hand, its Implementing Rules and Regulations Part A ("IRR-A") took effect on October 8, 2003;

WHEREAS, Section 63.1 of the IRR-A of R.A. 9184 provides that the Government Procurement Policy Board (GPPB), as established in Section 63 of R.A. 9184 shall have the power to formulate and amend public procurement policies, rules and regulations, and amend, whenever necessary the IRR-A;

WHEREAS, there is a need to prescribe the procurement rules and procedures to govern situations wherein the procurement by national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units intend to procure non-inventory parts necessary to maintain the operational effectiveness of existing major equipment which necessitates entering into ordering agreements;

WHEREAS, the items to be covered by the ordering agreements are limited only to those although identified, becomes necessary only upon the happening of a fortuitous event where the exact time of the need of such parts cannot be accurately pre-determined; and it is inadvisable for procuring entities to carry it on stock or commit to purchase a certain quantity within a given period;

WHEREAS, the members of the Technical Working Group of the GPPB have reviewed the draft Guidelines on the Use of an Ordering Agreement under the Government Procurement Reform Act during its meeting held on March 17, 2005;

WHEREAS, during the 3rd GPPB meeting held on April 1, 2005 at Unit 2506 Raffles Corporate Center, Ortigas Center, Pasig City, the Members of the Board discussed, considered and unanimously agreed to approve and adopt the Guidelines on the Use of Ordering Agreement Under the Government Procurement Reform Act, a copy of which is attached hereto as Annex "A" to form an integral part hereof;

NOW, THEREFORE, for and in consideration of the foregoing, WE, the Members of the GOVERNMENT PROCUREMENT POLICY BOARD, by virtue of the powers vested in US by law, hereby RESOLVE to approve and adopt the GUIDELINES ON THE USE OF ORDERING AGREEMENT UNDER THE GOVERNMENT PROCUREMENT REFORM ACT, attached hereto as Annex "A".

This resolution shall take effect immediately.

Adopted: 1 April 2005

(SGD.) EMILIA T. BONCODIN
Secretary
Department of Budget and Management

Also Signed by the Representatives of the following agencies :

DEPARTMENT OF NATIONAL DEFENSE

DEPARTMENT OF HEALTH

DEPARTMENT OF ENERGY

DEPARTMENT OF FINANCE

DEPARTMENT OF TRADE AND INDUSTRY

DEPARTMENT OF SCIENCE AND TECHNOLOGY

PRIVATE SECTOR REPRESENTATIVE

Attested by:

(SGD.) JOSE MARTIN C. SYQUIA
Board Secretary, GPPB
Executive Director, GPPB-TSO

ANNEX A

GUIDELINES ON THE USE OF AN ORDERING AGREEMENT
UNDER THE GOVERNMENT PROCUREMENT REFORM ACT

1. SCOPE AND APPLICATION

These guidelines shall govern the use of ordering agreements; limited to situations where the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units intend to procure non-inventory parts necessary to maintain the operational effectiveness of existing major equipment; the requirement thereof, although identified, becomes necessary only upon the happening of a fortuitous event. In which case, the quantity and the exact time of need for said parts cannot be accurately pre-determined.

Therefore, for reasons of economy, keeping in stock of said parts for possible future use or by procuring them for inventory shall be disadvantageous to the government. This excludes parts required for routine maintenance, the volume and delivery time being determinable at an earlier period.

2. PURPOSE

These guidelines are formulated to meet the following objective:

To prescribe the procurement rules and procedures to govern situations to wherein the procurement by the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and/or controlled corporations, government financial institutions and local government units necessitate entering into ordering agreements for parts of unknown quantity; and it is inadvisable for said procuring entity to carry it on stock or commit to purchase a certain quantity within a given period.

3. DEFINITION OF TERMS

a. Non-inventory items - Refer to non-routine or non-recurring requirements not ordinarily kept in stock by the procuring entity but which may become necessary upon the happening of a fortuitous event.

b. Unknown Quantity - Refers to a situation where, in the procurement of certain items, it can not be determined in advance that a definite/certain quantity will be required within a given period.

c. Delivery Order Contract - Refers to a contract that authorizes and obligates a supplier to deliver a certain quantity of items within an agreed period pursuant to the Ordering Agreement entered into between the procuring entity and said supplier. For purposes of these guidelines, the Delivery Order Contract shall signify exercise by the procuring entity of the option to purchase in the amount and quantity not exceeding those indicated in the Ordering Agreement List and shall constitute the actual purchase by the procuring entity.

d. Ordering Agreement - Refers to a written instrument of understanding, negotiated between the procuring entity and the Lowest Calculated and Responsive Bidder and used to expedite the procurement process when anticipated needs for specific items are not known. It grants the procuring entity the option to either place an order or not buy at all, within a given period of time. The Ordering Agreement shall contain (1) terms and clauses applying to future contracts (orders) between the parties during its term, (2) a description, as specific as practicable, of supplies to be delivered including lead time for the receipt thereof, and (3) methods for issuing and delivering future orders under the ordering agreement.

e. Order Agreement List - List of parts and their corresponding quantities that by its nature have been identified to be of the type where procurement utilizing an Order Agreement is the most practical, economical, and advantageous for a procuring entity.

4. PROCUREMENT PLANNING

4.1 No procurement shall be undertaken under these guidelines unless the same is in accordance with the Annual Procurement Plan (APP) and the Project Procurement Management Plan (PPMP) prepared by the procuring entity. The procuring entity, in preparing its APP, shall include, for purpose of entering into an Ordering Agreements, an Order Agreement List which shall remain unchanged, neither to be increased or decreased after advertisement and during its life span of one (1) year.

4.2 The APP shall indicate the types of items considered for inclusion in the Order Agreement List.

4.3 The Order Agreement List shall indicate the following information: