



CSOs in Procurement Monitoring: Prospects and Challenges in the Philippines

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AN OVERVIEW OF PUBLIC PROCUREMENT IN THE PHILIPPINES

Why Procurement?

- Government procurement accounts for the largest share of public expenditure
- The budget allocated for procurement is generally between 14 to 20 percent of a country's GDP
- The World Bank estimates that corruption can add 20% or more to the cost of public procurement.
- Transparency International estimates that damage from corruption represents on average 10 to 25 per cent of a contract's value.

Procurement in the Philippines: Pre-2002

“The public procurement system in the Philippines is **dysfunctional**. It is characterized by multiple laws, rules and regulations which while adhering to the principles of competition and transparency, are inefficient and prone to abuse. It also contributes to lowering public funds’ value for money.”

- 2003 Country Procurement Assessment Report, p. 10

Procurement in the Philippines: Pre-2002

Fragmented Laws

Absence of a single coordinating agency

No standardized procurement documents

Lack of transparency

Weak capacity of BAC and TWG members

Conflict of Interest/Collusion/Political Interference

Inadequate complaints mechanism

Unclear accountability mechanisms

Limited third party monitoring opportunities

Procurement Reform in the Philippines

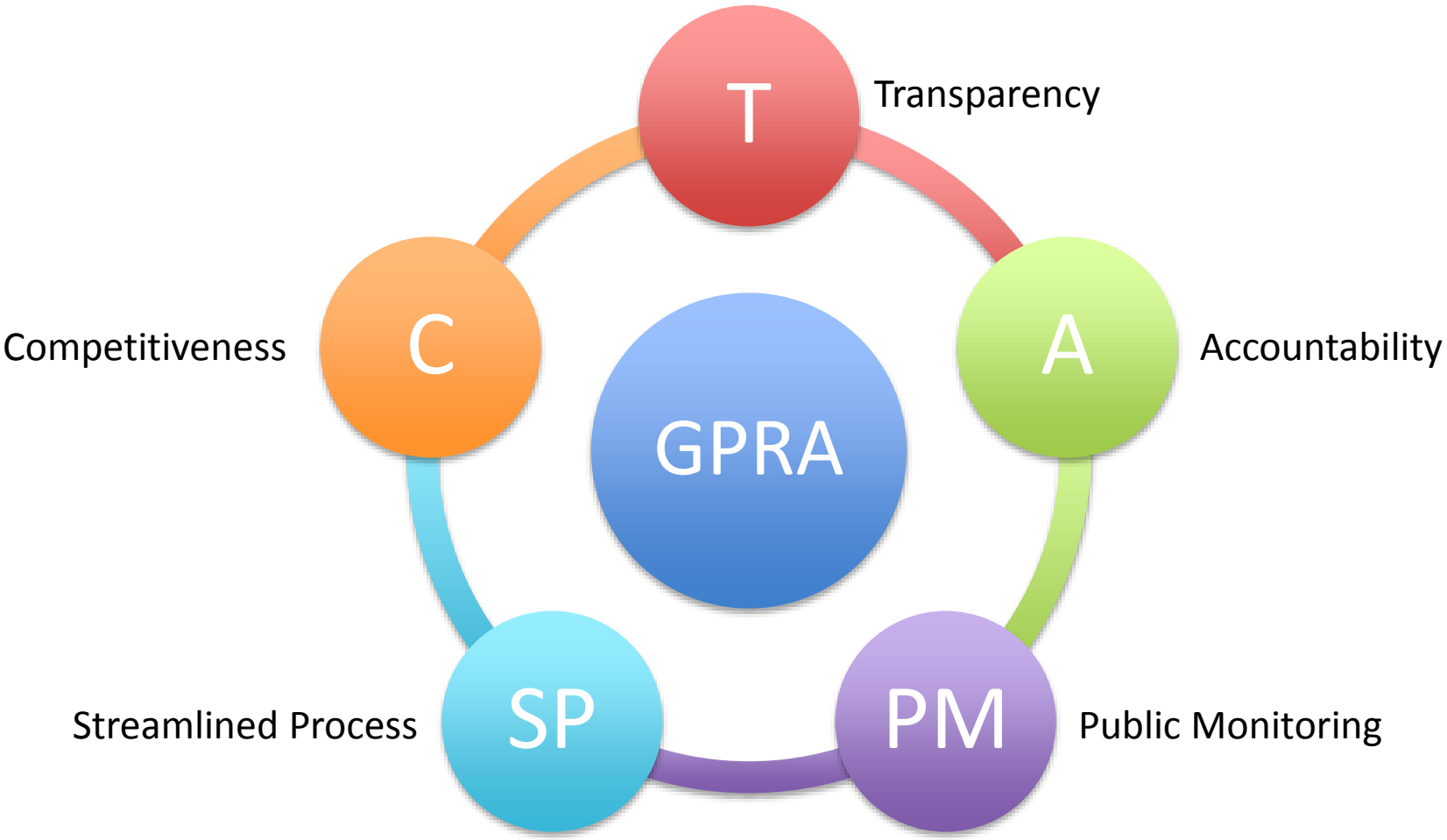
Republic Act 9184

Government Procurement Reform Act (GPRRA)

“An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes”

Passed in 2003

Fundamental GPRA Principles



Key Procurement Reforms

One law applied
to all government
levels

Creation of the
GPPB

Use of Standard
Bidding
Documents

Non-discretionary
pass/fail criteria

Competitive
Public Bidding as
default mode

Protest
Mechanism

**CSO Observers
required**

Use of ABC as
ceiling

Civil, administrative
and criminal
sanctions

CSO PARTICIPATION IN PUBLIC PROCUREMENT

Who are the CSOs?

Civil society refer to the wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations.

CSOs refer to a wide of array of organizations: community groups, NGOs, labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations.

-World Bank

Who are the CSOs?

In the Philippines, NGOs are referred to as “a non-stock, non-profit domestic corporation duly registered with the Securities and Exchange Commission or a cooperative duly registered with the Cooperative Development Authority committed to the task of socio-economic development and established primarily for providing goods and services to the public.”

-GPPB Resolution No. 12-2007

CSO Participation in Public Procurement

CSO participation existed prior to Republic Act 9184 or the Government Procurement Reform Act (GPRRA) of 2003.

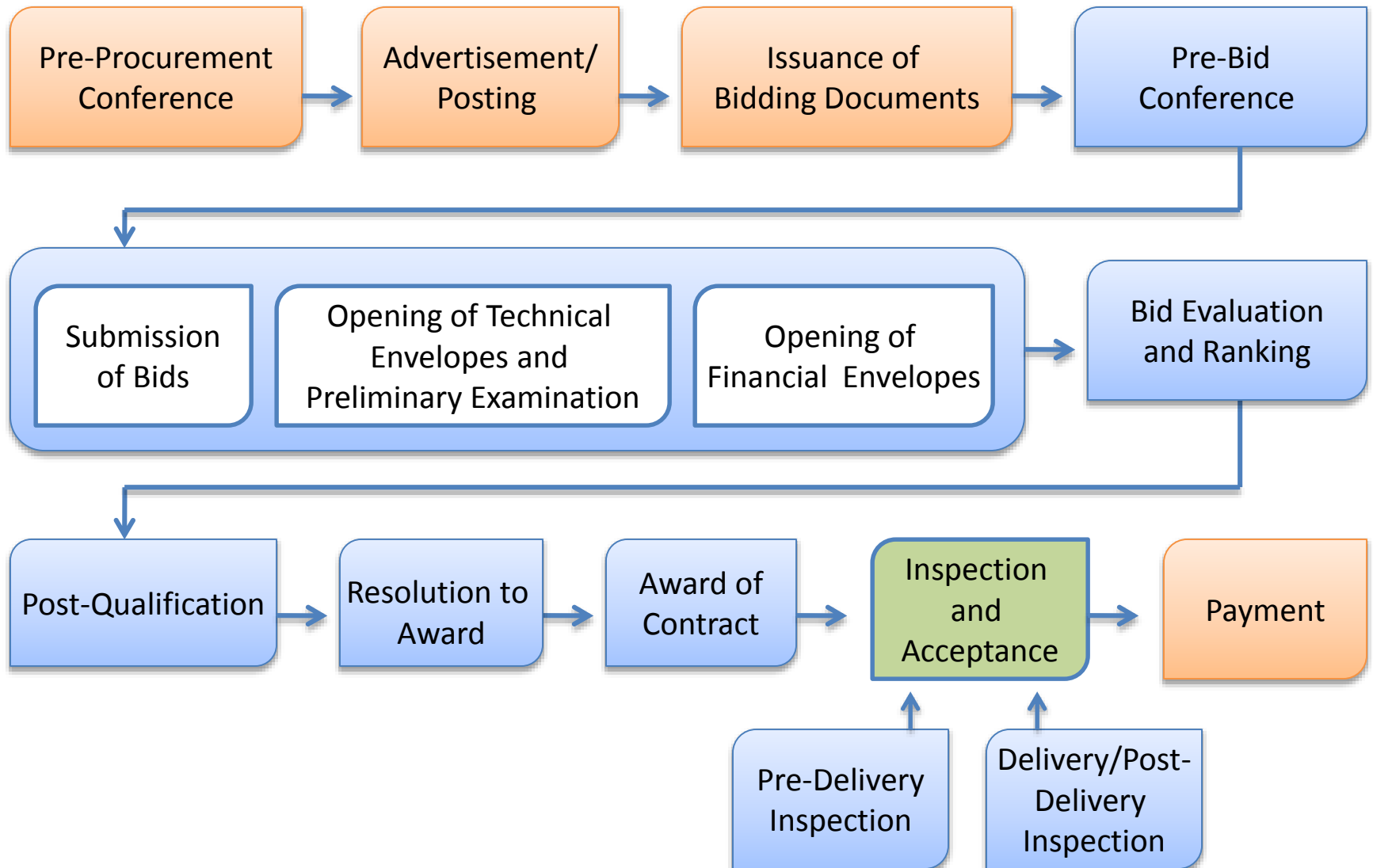
Presidential
Decree 1594

Local Government
Code of 1991

Executive Order
262 s. 2000

Executive Order
40 s. 2001

CSO Participation in the GPRA



CSO Procurement Monitoring Tools

CSOs	Tools
Concerned Citizens of Abra for Good Governance (CCAGG)	Infrastructure Monitoring Operations Manual
Government Watch (G-Watch)	Textbook Count, Bayanihang Eskwela
Procurement Watch, Inc. (PWI)	Public Bidding Checklist, Observer's Diagnostic Report, Bantay Eskuwela-School Furniture Toolkit, BE Infrastructure Watch Toolkit, DEEM Tool
National Movement for Free Elections (NAMFREL)	Medicine Monitoring Tool
Coalition of Development NGOs (CODE-NGO)	PDAF Watch Tool
Bantay Lansangan (Road Watch)	Road Monitoring Tool

Bantay Lansangan (Road Watch)



Bantay Lansangan (Road Watch)

- Road Watch was a multi-stakeholder partnership aimed to monitor the performance of DPWH in road construction and maintenance
- Tools: Road Monitoring Manual (infrastructure monitoring forms and survey questionnaires), DPWH Scorecard
- The tool examined structural integrity of roads through visual monitoring, and DPWH's compliance to provide a more transparent contract implementation.

Bantay Lansangan (Road Watch)

BANTAY LANSANGAN

Road Monitoring – Pavement Distresses



Fatigue (Alligator) Cracks



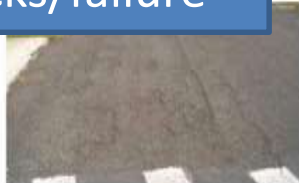
Bleeding & Pumping



Corrugation/Sh



Patching



Raveling



Polished Aggregates



Corner Break

Provides tips on how to measure cracks/failure



How to measure failure (area):



1. Identify failure



2. Measure width of affected area



3. Measure length of affected area



4. Measure length of largest crack



4. Measure largest width of crack

Bantay Eskuwela (School Watch)



Bantay Eskuwela (School Watch)

- *Bantay Eskuwela* was a partnership between PWI, DepEd, CSOs, and local organizations such as PTAs, etc.
- Tools: Procurement Monitoring Toolkit, BE Operational Guidelines, Observer reports, and the Differential Expenditure Efficiency Measurement
- The tools were used for furniture monitoring and school building construction to check the quality and quantity of armchairs and materials in school building construction.

Bantay Eskuwela (School Watch)

PROCEDURE	CRITERIA	OBSERVATION
<p>Pre-Procurement</p> <p>20)</p> <p>conference is an internal meeting of the procuring entity.</p> <p>However, the observer may opt to request to review the Annual Procurement Plan (APP) to check the alignment of the procuring entity's procurement to its procurement plans.</p>	<p>For Approved Budget for the Contract (ABC) costing more than two million pesos:</p> <ul style="list-style-type: none"> • Did the Bids and Awards Committee (BAC), through the BAC Secretariat, call for a pre-procurement conference? • Was the pre-procurement conference done prior to the Invitation to Bid? (Note: for infrastructure projects costing Php 5 Million and above) • Was the pre-procurement conference attended by the end-user's representatives? • Was the pre-procurement attended by the unit/officials who prepared the bidding documents and the draft Invitation to Bid? • Is the procurement in accordance with the project and annual procurement plan? • Was the detailed engineering completed according to prescribed standards as per the following documents: <ul style="list-style-type: none"> • Program of Works and Detailed Estimates (see Annex 1) • Survey results 	<p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p> <p>YES / NO</p>

Criteria is based on the law and placed in question format



CSO Procurement Monitoring Tools

A Compilation of CSO Initiated Procurement
Monitoring Programs and Tools

<http://www.ansa-eap.net/assets/747/pmtdraft.pdf>

IMPACT OF REFORMS

Impact of Procurement Reforms

- Textbook prices decreased from Php 100.00 to Php 45.00 due to competitive bidding that allowed a textbook-to-student ratio of 1:1
- DOH reported an average reduction of 27% in the prices of pharmaceuticals due to increased competition.
- DPWH reported an average reduction of 15% to 20% of contract cost when compared with budget estimates.
- Bidding time was cut in half (e.g. DepEd from 24 to 12 months)

- CPAR 2008

Impact of Procurement Reforms

- Compliance of government agencies with the PhilGEPS registration requirement increased from 11.44% in 2008 to 22.48% in 2012
- Number of registered suppliers increased from 5,264 in 2005 to 71,934 in 2015
- Procurement opportunities have increased from 71,934 in 2005 to 16,819 (*as of May 2015*)
- Access to information to bid on government contracts are easier from 57% in 2008 to 53% in (2015 according the SWS
- The agency procurement compliance and performance indicator (APCPI) was approved by GPPB as the standard performance monitoring and evaluation tool of all procuring agencies

- CPAR 2012

CHALLENGES AND PROSPECTS

Sources of Information

- ANSA–EAP CSO Mapping activity
- Experiences from the ground
- Feedback from stakeholders

Challenges and Prospects

- **Capacities**

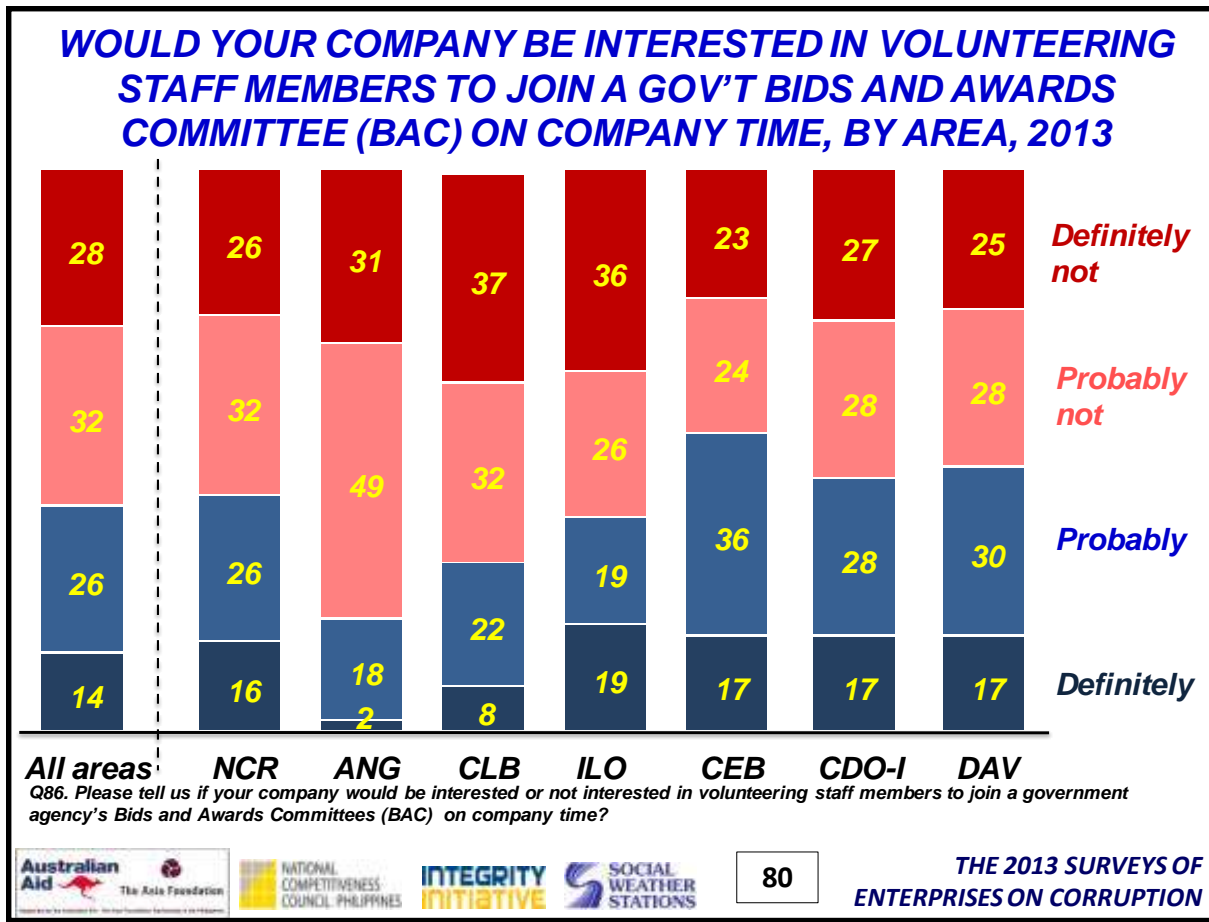
- For observers and monitors to effectively discharge their functions, continuous capacity building and retooling are necessary.
- Tools and knowledge products need to be developed with the local context in mind.
- A good balance of continuously learning the technicalities of government procurement processes and engaging constructively should always be maintained.
- Importance of engagement protocols: community monitoring and evaluation projects need to have a clear plan on how to advocate on their evidence, linking with the media and formal process to hold government to account

Challenges and Prospects

- **Resources and Sustainability**

- While there are trained CSO monitors who are willing to observe and monitor government's procurement activities, local CSOs are still confronted with resources issues to continuously deploy monitors.
- Grant-making must have a specific and well designed counterpart of technical support and capacity building to advance the gains in procurement monitoring and improve quality of citizen engagement.
- The number of observers have dwindled. Based on the ANSA mapping study, only 134 of 545 respondents observe procurement procedures. Of these, only 42 CSOs monitor all stages of the procurement process.
- There is a pressing need to reinforce and strengthen existing networks (information-sharing, capacity building, etc.)

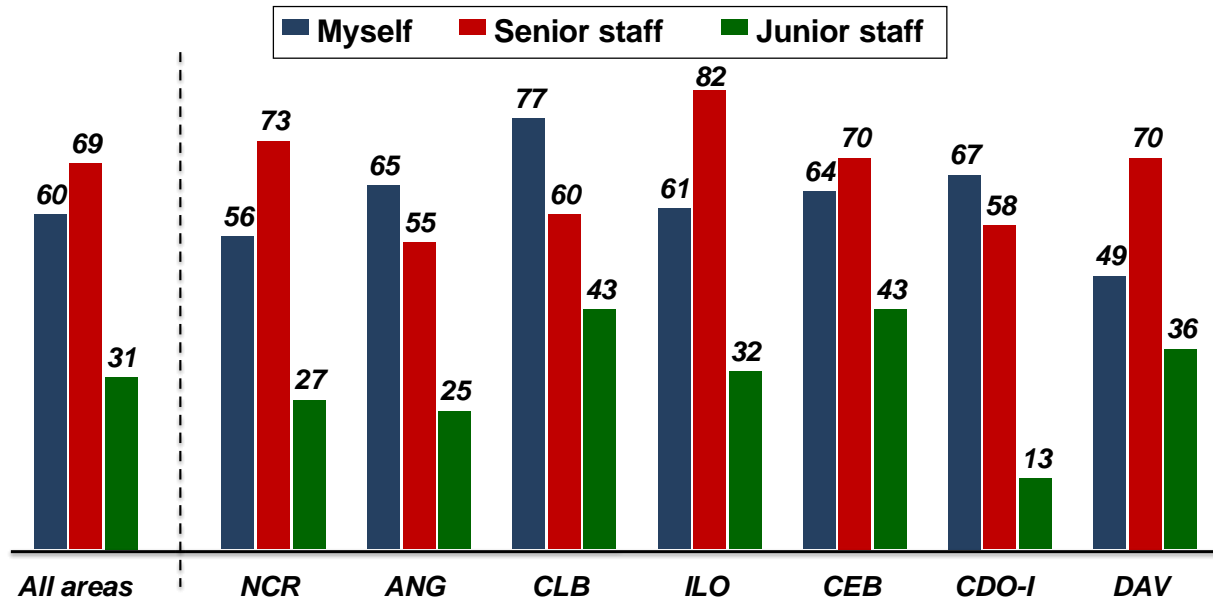
Challenges and Prospects



Challenges and Prospects

WHO WOULD YOUR COMPANY BE WILLING TO ASSIGN TO VOLUNTEER TO JOIN GOV'T BACS ON COMPANY TIME? (MULTIPLE RESPONSES), BY AREA, 2013

Base: Total Who Would be Interested in Volunteering Staff to Join BACs on Company Time, 40%



Q87. You mentioned that you are [DEFINITELY/PROBABLY] INTERESTED in volunteering staff members to join a government agency's Bids and Awards Committees on company time. Who among the following would your company be willing to assign: (ENCIRCLE ALL THAT APPLY)



81

THE 2013 SURVEYS OF ENTERPRISES ON CORRUPTION

Challenges and Prospects

- **Reporting**

- A direct feedback or report from observers and monitors is necessary to ascertain that procurement activities are held in accordance with GPRA provisions.
- This requires competencies from local monitors and observers but also have to be complemented by a system of consolidation, coordination and response to the reports from the side of the government. The collated CSO monitors' report can also help build analytics that will be useful for popular education

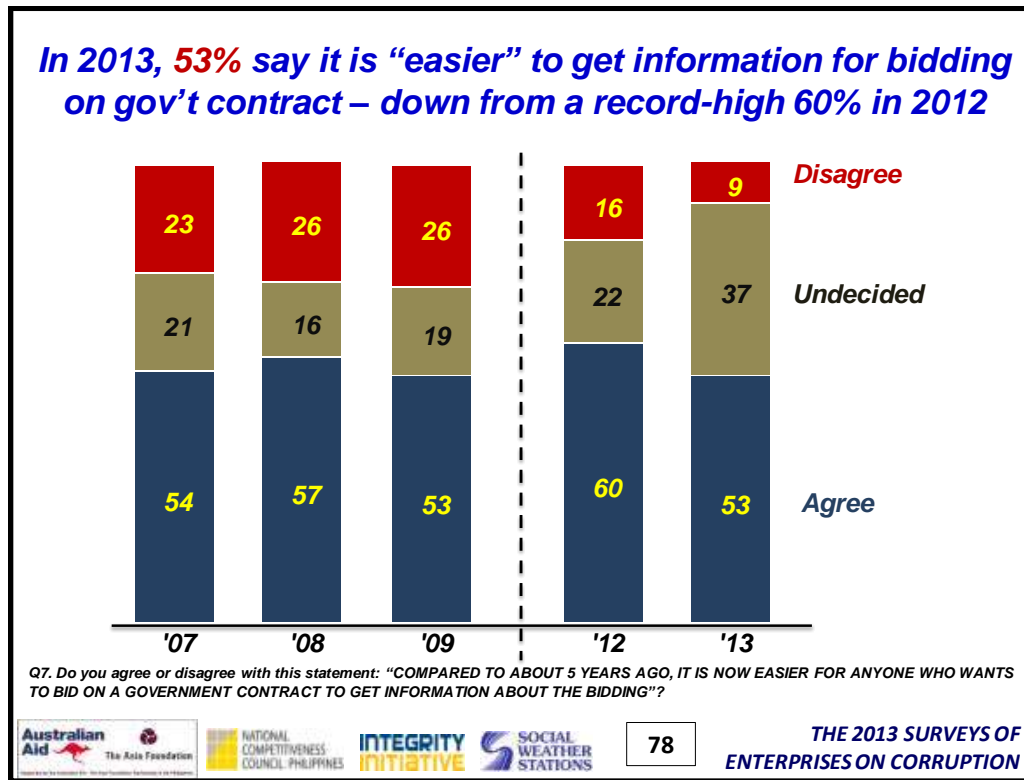
Challenges and Prospects

- **Security of CSOs**

- Considering the magnitude of accountability that is expected from local CSO monitors to report variances in the procurement process, this requires a more institutionalized support mechanism that would lessen the vulnerability of CSO monitors .

Challenges and Prospects

- Access to information



Conclusion

It is commendable that the government has taken concrete steps to implement and adhere to the fundamental principles of the GPRA, however more needs to be done to ensure that these actions are sustained.

Access to information is a critical piece to sustain the reform. It facilitates transparency and accountability in the procurement process. Without it, public oversight is limited, and the incentives of corrupt government actors will not change.

With the scale and magnitude of procurement in the country, CSO observers are unable to cope with the demand due to various reasons. To address this, government must further develop its ICT platform to facilitate meaningful engagement by reducing barriers and constraints that limit CSO oversight in monitoring procurement.