



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

**CIRCULAR LETTER**

No. 2018- 8  
July 30, 2018

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

In FY 2019, the budget shall shift from the two-year obligation-based appropriations to the annual cash-based system. The annual appropriations for 2019-onwards shall be limited to the requirements for payments for goods delivered, services rendered, and infrastructure projects completed by the end of a fiscal year. To ensure efficient implementation of programs, activities, and projects, agencies shall undertake timely procurement planning and Early Procurement activities.

Early Procurement shall be undertaken for the majority of the planned procurement of agencies as included in the NEP submitted to Congress. This ensures that all single-year projects shall be fully implemented within the validity period of the FY 2019 national budget.

**2.0 PURPOSES**

- 2.1 To prescribe guidelines for the conduct of Early Procurement activities starting the FY 2019 NEP.

### 3.0 **COVERAGE**

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

### 4.0 **IMPLEMENTING GUIDELINES**

- 4.1 All government entities covered by this Circular shall undertake Early Procurement activities, from October to December 2018, upon the submission of the FY 2019 NEP to Congress.
- 4.2 Early Procurement activities shall refer to pre-procurement conference until post-qualification of bids and recommendation by the Bids and Awards Committee (BAC) to award the contract to the winning bidder, in accordance with Section 7.6 of the 2016 Implementing Rules and Regulations (IRR) of RA 9184 and Section 19 of the General Provisions of the FY 2019 NEP.
- 4.3. Early Procurement activities shall only commence upon completion of the following, among others:
  - 4.3.1 The harmonization of the Indicative Annual Procurement Plans (APPs) for non-common-used supplies and equipment (non-CSE) with the FY 2019 NEP (see Annex A);
  - 4.3.2 The approval of the Head of Procuring Entity (HOPE) of the Indicative APP of the Procuring Entity (PE);
  - 4.3.3 The posting of the Indicative APP on the Transparency Seal page of the agency's website, not later than August 31, 2018; and
  - 4.3.4 The securing of a Multi-Year Obligational Authority (MYOA) from the DBM for each multi-year project to start implementation in FY 2019 in accordance with DBM Circular Letter (CL) No. 2015-7 and DBM National Budget Circular No. 570.
  - 4.3.5 The completion of appropriate preparatory activities, such as the accomplishment of feasibility studies, detailed engineering designs, securing the required regulatory clearances, and right-of-way acquisitions for civil works projects.

- 4.4 Planning units and procuring units shall coordinate with the end-users to ensure that the planned Early Procurement in the Indicative APP are commenced in accordance with the schedule and supported by the required documents. This includes, but is not limited to, ensuring that the appropriate preparatory activities, Technical Specification, and Terms of References are prepared and ready, providing support to the necessary conduct of market research, and facilitating active participation in the early procurement activities.
- 4.5 In accordance with AO 25 Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information, and Reporting Systems Memorandum Circular No. 2018-1 (AO 25 IATF MC 2018-1), the Guidelines on the Grant of the Performance-Based Bonus for Fiscal Year 2018, an agency should ensure that at least 50% of the volume or number of the planned procurement for FY 2019 should undergo Early Procurement, after strategizing those activities and projects it needs to implement in the first semester and those procurement activities it deems difficult or risky. This clarifies/amends the requirement of "50% value of planned procurement" under AO 25 IATF MC 2018-1. In relation to this, each agency shall submit a Certification of Compliance to the Government Procurement Policy Board (GPPB).
- 4.6 All procurement-related advertisements and postings of procurement opportunities shall be in accordance with RA 9184 and its corresponding IRR.
- 4.7 Procuring entities shall update their Philippine Government Electronic Procurement System (PhilGEPS) postings for Early Procurement by posting the Approved Contract and the Notice to Proceed in PhilGEPS on or before January 31, 2019 in accordance AO 25 IATF MC 2018-1.
- 4.8 In accordance with Section 7.3.5 of the 2016 IRR of RA 9184, as soon as the General Appropriations Act (GAA), corporate budget, or appropriation ordinance, as the case may be, becomes final, the end-user or implementing units shall revise and adjust the Project Procurement Management Plan (PPMP) to reflect the budgetary allocation for their respective programs, activities, and projects. The revised PPMPs shall be submitted to the BAC, through its Secretariat, for the final recommendation of the methods of procurement. The indicative APP shall then be revised and approved in accordance with Section 7.2 of the 2016 IRR of RA 9184. The APP shall be submitted to the GPPB on or before the end of January of the budget year, and shall be posted in accordance with E.O. 662, series of 2007, as amended.
- 4.8 The issuance of notice of award of contract may, however, be done only upon approval or enactment of the respective appropriations or budget authorization document and based on the amount authorized therein.

4.9 The HOPE shall be responsible for the timely awarding of contracts to ensure that single-year contracts are fully-implemented within the validity period of the FY 2019 budget.

## 5.0 **EFFECTIVITY**

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

CC

**BENJAMIN E. DIOKNO**  
Secretary of DBM, Chair of the GPPB,  
and Chair of the AO 25 IATF

Department of Budget  
and Management



0SEC-2018-02658



# *Insert Agency Letterhead*

ANNEX B

<insert date>

This certifies that <Insert Agency Name> has successfully undertaken Early Procurement for at least 50% of the volume of goods and services based on the department's/agency's budget submitted to the Congress consistent with the NEP.

The Certification is submitted in compliance with the common GASS target (g) of the Guidelines on the Grant of the Performance-Based Bonus (PBB) for Fiscal Year 2018 under Executive Order No. 80 s. 2012 and Executive Order No. 201 s. 2016

Very truly yours,

**HoPE or AUTHORIZED  
REPRESENTATIVE**

**SUBSCRIBED AND SWORN** to before me, this \_\_\_\_\_, by \_\_\_\_\_ who exhibited to me (his/her) Community Tax Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_, Philippines on \_\_\_\_\_.

Notary Public

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Series of \_\_\_\_\_