



## **Deliverable 2d: Standard Operating Procedures for Procuring Entities to implement Sustainable Public Procurement (SPP) under Republic Act No. 12009**

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Submitted for review:

**IMPACT I**



# 1.0 Preamble

## 1.1 Purpose

This document establishes the Standard Operating Procedures (SOPs) for the integration and implementation of Sustainable Public Procurement (SPP) within the Philippine government, as mandated by Republic Act (RA) No. 12009, the New Government Procurement Act (NGPA). These procedures are designed to guide all Procuring Entities in making procurement decisions that achieve the best value for money on a whole-of-life basis, benefit society and the economy, and minimize adverse environmental impacts.

## 1.2 Legal Basis

These SOPs are anchored on the principles and mandates of RA No. 12009, including:

- **Section 2 (Declaration of Policy):** Promoting sustainability and value for money in government procurement.
- **Section 3(g) (Governing Principles):** Establishing "Sustainability" as a core principle covering the whole lifecycle of a property.
- **Section 7 (Strategic Procurement Planning):** Requiring consideration of the whole lifecycle and environmental impact of a procurement project.
- **Section 13 (Lifecycle Assessment and Lifecycle Cost Analysis):** Mandating the application of LCA and LCCA in project planning and bid evaluation.
- **Article XII (Green and Inclusive Public Procurement):** Directing all Procuring Entities to establish a sustainable public procurement program.

## 1.3 Scope and Applicability

These SOPs apply to the procurement of all goods, infrastructure projects, and consulting services by all branches and instrumentalities of the national government, its departments, bureaus, offices, and agencies, including state universities and colleges (SUCs), government-owned and/or -controlled corporations (GOCCs), government financial institutions (GFIs), and local government units (LGUs).

## 1.4 Definition of Key Terms

- **Sustainable Public Procurement (SPP):** A process where Procuring Entities procure goods, infrastructure, and services to achieve value for money on a whole-life basis, generating benefits for the organization, society, the economy, and the environment. It encompasses both Green Public Procurement (GPP) and Inclusive Procurement.
- **Lifecycle Cost (LCC):** The total cost of ownership over the entire lifespan of an asset, from its acquisition, operation, maintenance, and disposal.

- **Most Economically Advantageous Responsive Bid (MEARB):** An award criterion that considers quality and other non-price characteristics in addition to price, allowing for a holistic assessment of value for money.

## 2.0 Phase 1: Strategic Procurement Planning

This phase is the foundation for successful SPP implementation. All activities here must be documented in the Project Procurement Management Plan (PPMP).

### Step 1.1 Needs Assessment and SPP Opportunity Identification

#### Procedure:

1. The End-User or Implementing Unit shall conduct a thorough needs assessment that focuses on the required function or service, not just the product. Explore alternatives to purchasing new, such as leasing, sharing, or refurbishing existing assets.
2. Identify procurements with high potential for sustainability integration. Prioritize based on:
  - **High Expenditure:** Items with a significant budget allocation.
  - **High Environmental/Social Impact:** Procurements with significant energy consumption, waste generation, or impact on communities (e.g., vehicles, IT equipment, construction, catering services).
  - **Market Availability:** Categories where sustainable alternatives are readily available in the market.
3. Align the procurement with national strategic goals outlined in the Philippine Development Plan, such as climate action, resource efficiency, and social equity.

**Legal Reference:** RA No. 12009, Section 7.

### Step 1.2: Market Scoping and Engagement

#### Procedure:

1. The Bids and Awards Committee (BAC) or its designated Technical Working Group (TWG) shall conduct market scoping to determine the readiness of the market to supply sustainable goods and services.
2. Activities may include consultations with suppliers, reviewing industry standards and certifications (e.g., Philippine Energy Label, ISO 14001), and researching available green technologies.
3. Publish the entity's forward procurement plans, indicating an intent to procure sustainably, to give the market adequate time to prepare.

**Legal Reference:** RA No. 12009, Section 10.

## Step 1.3: Developing the Procurement Strategy

### Procedure:

1. Based on the needs assessment and market scoping, select the most appropriate procurement modality and award criteria.
2. **Award Criteria:** For procurements with significant post-acquisition costs or quality considerations, adopt the **Most Economically Advantageous Responsive Bid (MEARB)** instead of the Lowest Calculated Responsive Bid (LCRB).
3. **Procurement Modality:** Consider using Framework Agreements for recurring needs or a Design-and-Build scheme for infrastructure to incentivize innovation and efficiency.
4. Integrate the SPP approach, including the chosen criteria and modality, into the PPMP and the consolidated Annual Procurement Plan (APP).

**Legal Reference:** RA No. 12009, Sections 7, 14, 16, 49

## 3.0 Phase 2: Procurement Preparation and Bidding

This phase translates the SPP strategy into clear requirements for bidders.

### Step 2.1: Drafting Sustainable Technical Specifications

#### Procedure:

1. The TWG shall draft technical specifications based on performance or functionality rather than prescriptive descriptions, where possible.
2. Incorporate clear, verifiable, and non-discriminatory sustainability criteria.
3. **For Green Public Procurement (GPP):** Specify criteria related to energy efficiency, water conservation, recycled content, use of non-toxic materials, and waste reduction.
4. **For Inclusive Procurement:** Specify requirements related to gender equity, fair labor practices, and engagement of local communities or marginalized groups, where applicable.

**Legal Reference:** RA No. 12009, Sections 11, 73, 75.

#### Practical Example: Drafting GPP Specifications

- **For Air Conditioners (based on DOE pilot):** Specify a minimum Cooling Seasonal Performance Factor (CSPF) and require the product to have a valid DOE Energy Label.
- **For Data Center Colocation (based on DBM pilot):** Require ISO 14001:2015 (Environmental Management System) certification, use of eco-friendly fire suppression gas, and a power system capable of using cleaner fuels like biodiesel.

- **For Road Asphalt (based on DOTr pilot):** Require the use of Polymer Modified Bitumen (PMB) for extended pavement lifespan and encourage the use of recycled plastics in the mix. Mandate that the contractor use Euro IV compliant vehicles.

## Step 2.2: Applying Life-Cycle Costing (LCC)

### Procedure:

1. For procurements where operating and maintenance costs are significant (e.g., vehicles, IT equipment, lighting, cooling systems), the TWG shall develop an LCC model.
2. The bidding documents must transparently state:
  - a. The **analysis period** (e.g., 10 years).
  - b. **Usage assumptions** (e.g., 8 hours/day, 250 days/year).
  - c. Fixed **unit costs** for consumables (e.g., PHP/kWh for electricity).
  - d. The official **discount rate** as guided by the GPPB.
  - e. The exact **LCC formula** to be used.
3. The bidding documents must require bidders to provide necessary data, such as guaranteed energy consumption rates, maintenance schedules and costs, and residual value.

**Legal Reference:** RA No. 12009, Section 13.

## Step 2.3: Preparing Bidding Documents

- **Procedure:**
  1. The BAC shall ensure all SPP elements are consolidated into the Philippine Bidding Documents (PBDs).
  2. This includes the sustainable technical specifications, the basis for award (LCRB or MEARB), the LCC methodology (if applicable), and the required means of verification (e.g., certifications, test reports, technical data sheets).
  3. For MEARB, clearly define the non-price criteria (e.g., environmental performance, social benefits) and their corresponding weights in the evaluation.
- **Legal Reference:** RA No. 12009, Sections 6, 61.

## 4.0 Phase 3: Bid Evaluation and Award

This phase involves assessing bids against the stated SPP requirements.

### Step 3.1: Evaluating Bids Against SPP Criteria

- **Procedure:**
  1. The BAC, with the assistance of the TWG, shall evaluate the eligibility and technical components of the bids to ensure compliance with the stated sustainability specifications.

2. For bids that are technically compliant:
    - If using LCC, calculate the total life-cycle cost for each bid using the pre-defined formula and assumptions.
    - If using MEARB, score each bid against the non-price criteria.
  3. The bid with the lowest LCC or the highest MEARB score shall be identified as the winning bid.
- **Legal Reference:** RA No. 12009, Sections 13, 49.

### **Step 3.2: Verification of Sustainability Claims**

- **Procedure:**
  1. During post-qualification, the TWG shall diligently verify the authenticity and validity of the sustainability claims and supporting documents submitted by the winning bidder.
  2. This may involve checking the validity of ISO certifications with the certifying body or cross-referencing energy consumption data with official product registries.
- **Legal Reference:** RA No. 12009, Section 51.

## **5.0 Phase 4: Contract Management and Monitoring**

This phase ensures that the sustainability commitments are delivered.

### **Step 4.1: Integrating SPP into the Contract**

- **Procedure:**
  1. The End-User or Implementing Unit shall ensure that the sustainability commitments made by the winning bidder in their proposal are explicitly incorporated into the final contract.
  2. This includes performance guarantees, such as maximum energy consumption levels or minimum recycled content, which are legally binding.
  3. Define clear Key Performance Indicators (KPIs) to monitor the supplier's sustainability performance throughout the contract duration.
- **Legal Reference:** RA No. 12009, Section 59.

### **Step 4.2: Monitoring Supplier Performance**

- **Procedure:**
  1. The End-User or Implementing Unit is responsible for monitoring the contract and ensuring the supplier adheres to all SPP-related clauses.
  2. For non-compliance, the Procuring Entity shall apply the remedies stipulated in the contract, which may include liquidated damages or contract termination.
- **Legal Reference:** RA No. 12009, Section 60.

## Step 4.3: Reporting and Data Collection

- **Procedure:**
  1. The designated SPP Focal Person shall document the outcomes of the SPP procurement.
  2. Data on SPP implementation shall be reported through the Agency Procurement Compliance and Performance Indicators (APCPI) System, as required by the GPPB.
  3. Lessons learned from the procurement shall be used to refine specifications, assumptions, and strategies for future SPP projects.
- **Legal Reference:** GPPB Resolutions on SPP/GPP.