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SENATE

P.S. Res. No. 209

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Introduced by **SENATOR LEILA M. DE LIMA**

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF A CENTRALIZED SYSTEM OF PROCUREMENT OF GOVERNMENT MOTOR VEHICLES UNDER ADMINISTRATIVE ORDER NO. 14 AND DEPARTMENT OF BUDGET AND MANAGEMENT (DBM) CIRCULAR 2019-03, WITH THE END VIEW OF DETERMINING ITS FEASIBILITY, IMPACT TO GOVERNMENT EFFICIENCY AND THE NECESSARY SAFEGUARDS TO PROTECT THE SYSTEM FROM CORRUPTION

1 WHEREAS, Republic Act No. 9184, otherwise known as the Government
2 Procurement Reform Act, provides that the State “shall promote the ideals of good
3 governance in all its branches, departments, agencies, subdivisions, and
4 instrumentalities, including government-owned and/or -controlled corporations, and
5 local government units”;

6 WHEREAS, one of the governing principles on Government Procurement in
7 Section 3 (c) of the aforementioned law is a “[s]treamlined procurement process that
8 will uniformly apply to all government procurement. The procurement process shall
9 be simple and made adaptable to advances in modern technology in order to ensure
10 an effective and efficient method”;

11 WHEREAS, in December 10, 2018, the Office of the President issued
12 Administrative Order No. 14 directing the Government Procurement Policy Board
13 (GPPB) to issue rules and regulations to effectively implement the centralized
14 procurement of government motor vehicles. Consistent with this directive, the GPPB
15 released GPPB Resolution No. 08-2019 last April 22, 2019, authorizing the DBM and
16 the Procurement Service (PS) to issue specific procedural process for the
17 operationalization of a centralized procurement of motor vehicles as common-use
18 supply and equipment, including the transitory provisions of Administrative Order
19 No. 14, and the date of the implementation of the centralized system;

1 WHEREAS, in DBM Memorandum Circular 2019-03, the acquisition of the
2 government-owned motor vehicles in its list will now be under a centralized
3 procurement system. The objective of centralizing this system is to ensure that the
4 acquisition of government motor vehicles will be guided by the principles of functional
5 suitability, affordability, and practicability;¹

6 WHEREAS, studies conducted on public procurement shows that although
7 centralized procurement promotes significant reductions in prices of goods and
8 services, this method of procurement is also highly susceptible to corruption as it
9 involves large-scale projects and massive allocated budgets in awarding government
10 contracts to a successful bidder² without clear and effective safeguards in place. With
11 such vulnerabilities and lack of a transparent system of procurement, fair competition
12 and lower cost and prices might not be achieved with high probability of leakages;

13 WHEREAS, there are serious concerns in the absorptive capacity and the
14 necessity for more technical knowledge of procurement personnel to implement this
15 centralized purchase and procurement system. Aside from this, the system must
16 address the high probability of unsuitable purchases with respect to detailed
17 requirements and context-specific needs of its end-users which will vary since the
18 coverage of this policy ranges from national government agencies, local government
19 units and government owned and controlled corporations;

20 WHEREAS, under a centralized system of procurement, the significant amount
21 and technical requirements of motor vehicle purchases widely vary with the existing
22 category of commonly-used supplies and equipments, namely, office and electrical
23 supplies, paper products, writing and computer supplies, office equipment and
24 janitorial supplies;

25 WHEREAS, public procurement is an important component of fiscal
26 administration as it contributes to our national economy. On average, total public
27 expenditures by central and local governments affects a considerable percentage of our
28 GDP and kicks-in sales in some vital sectors of the economy such as the defense
29 industry, health industry, among others;³

¹ DBM Media (18 December 2018) *Centralized procurement system seen to economize acquisition of government vehicles*. Retrieved from: <https://www.dbm.gov.ph/index.php/secretary-s-corner/press-releases/list-of-press-releases/1315-centralized-procurement-system-seen-to-economize-acquisition-of-government-vehicles>

² Organisation for Economic Co-operation and Development (25 October 2000) *Centralised and Decentralised Public Procurement*. Paris Cedex 16, France pg. 5

³ Choi, J. (NA) "A Study of the Role of Public Procurement- Can Public Procurement Make Society Better?." Retrieved from: <http://www.ippa.org/IPPC4/Proceedings/13ProcurementPreferences/Paper13-4.pdf>

1 WHEREAS, it is imperative to look into the readiness of the primary agencies
2 i.e, the DBM and PS, tasked to implement this system, the transparency mechanism
3 and other vital safeguards in-place to avert possible large-scale corruption and
4 assurance of timely purchase and distribution of such motor vehicles that is demanded
5 by the constituencies it may be of service;

6 WHEREAS, centralization of procurement goes against the very principle of
7 devolution of power enshrined in the Local Government Code;

8 WHEREAS, there cannot be a centralization of an already decentralized
9 function, especially on a basis of sweeping allegations of incompetence and corruption
10 in the local government levels;

11 WHEREAS, the principle of devolution places the burden on the national
12 government to prove that certain functions could not be performed by local
13 government units before centralizing the same;

14 WHEREAS, there is need to ensure that the national government does not
15 overstep its power of supervision over the local government units;

16 **NOW THEREFORE, BE IT RESOLVED AS IT IS HEREBY**
17 **RESOLVED**, to direct the appropriate Senate Committee to conduct an inquiry, in
18 aid of legislation, on the implementation of a centralized system of procurement of
19 government motor vehicles under Administrative Order No. 14 and Department of
20 Budget and Management (DBM) Circular 2019-03, with the end in view of
21 determining its feasibility, impact to government efficiency and the necessary
22 safeguards to protect the system from corruption.

Adopted,


LEILA M. DE LIMA