PB-008-13
BIDDING DOCUMENTS
for the
PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)

APO PRODUCTION UNIT INC.

TABLE OF CONTENTS

SECTION I. INVITATION TO BID …… 3

SECTION II. INSTRUCTION TO BIDDERS …… 6

SECTION III. BID DATA SHEET …… 40

SECTION IV. GENERAL CONDITION OF CONTRACT …… 59

SECTION V. SPECIAL CONDITION OF CONTRACT ……. 76

SECTION VI. SCHEDULE OF REQUIREMENT …… 86

SECTION VII. TECHNICAL SPECIFICATION …… 88

SECTION VIII. BID FORM …… 113

Section I. Invitation to Bid

INVITATION TO BID FOR PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM

1. The *APO Production Unit Inc.*, through its 2013 Annual Procurement Plan intends to apply the sum of **One Billion Seven Hundred Fifty Million Pesos (PhP 1,750,000,000.00)** being the Approved Budget for the Contract (ABC) for the ***Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System (IRSIS).*** Bids received in excess of the ABC shall be automatically rejected at bid opening. Further the bid shall not exceed Ten Centavos **(PhP 0.10)** per stamp delivered.

2. The *APO Production Unit, Inc.* now invites bids for *the* ***Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System (IRSIS)***, for estimated stamp volume of three billion five hundred million (3,500,000,000) per year for a five (5) Year Contract commencing from the Notice to Proceed.

3. Bidding will be conducted through open competitive bidding procedures using a non-discretionary "pass/fail" criterion as specified in the Implementing Rules and Regulations (IRR) of Republic Act (RA) 9184, otherwise known as the "Government Procurement Reform Act".

   Bidding is open to all interested bidders, whether local or foreign, subject to the conditions for eligibility provided in the IRR of RA 9184.

4. Interested bidders may obtain further information from *APO Production Unit Inc.,* and inspect the Bidding Documents at **APO Production Unit Inc. NEDA Complex, Government Center, EDSA, Diliman, Quezon City from Monday-Friday, Starting at 8AM up to 5PM.**

   A complete set of Bidding Documents may be purchased by interested Bidders on 24 July to 22 August 2013 from the address below and upon payment of a non-refundable fee for the Bidding Documents in the amount of **Seventy Five Thousand Pesos (Php 75,000.00).**

   It may also be downloaded free of charge from the website of the Philippine Government Electronic Procurement System (PhilGEPS) and the website of APO Production Unit Inc., provided that Bidders shall pay the non-refundable fee for the Bidding Documents not later than the submission of their bids.

5. The APO Production Unit Inc. will hold a Pre-Bid Conference on **6 August 2013, Tuesday, 9:00 a.m.** at **Celebrity Sports Plaza, Hall A and B Capitol Drive, Quezon City**, which shall be open only to all interested parties who have purchased the Bidding Documents

   Bids must be delivered to APO Production Unit Inc., at NEDA Complex Government Center, EDSA, Diliman, Quezon City, immediately preceding pre-bid conference up to 5:00 PM of 21 August 2013 and at **Celebrity Sports Plaza, Hall A and B, Capitol Drive, Quezon City** on **22 August 2013**, **Tuesday, 9:00 a.m.** All Bids must be accompanied by a bid security in any of the acceptable forms and in the amount stated in ITB Clause 18.

   Bid opening shall be on **22 August 2013**, **Tuesday, 9:00 a.m.** at **Celebrity Sports Plaza, Hall A and B Capitol Drive, Quezon City.** Bids will be opened in the presence of the Bidders' representatives who choose to attend at the address below. Late bids shall not be accepted

6. The APO Production Unit Inc. assumes no responsibility whatsoever to compensate or indemnify bidders for any expenses incurred in the preparation of the bid.

7. The APO Production Unit, Inc. reserves the right to accept or reject any bid, *to* annul the bidding process, and to reject all bids at any time prior to contract award, without thereby incurring any liability to the affected bidder or bidders.

8. For further information, please refer to:

MS. FE B. DIMAYUGA
BAC Secretariat
APO Production Unit, Inc.
NEDA Complex, Government Center, EDSA, Diliman, Quezon City
(02) 433-0732 to 35 loc. 128
www.apo.gov.ph

MR. LEONARDO G. DE JESUS
BAC Chairman
NEDA Complex, Government Center, EDSA, Diliman, Quezon City
(02) 433-0732 to 35 loc. 149
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Section II. Instructions to Bidders

TABLE OF CONTENTS

A. GENERAL 9
1. Scope of Bid 9
2. Source of Fund 9
3. Corrupt, Fraudulent, Collusive, and Coercive Practices..... 9
4. Conflict of Interest 11
5. Eligible Bidders 12
6. Bidder's Responsibilities 14
7. Origin of Goods 16
8. Subcontracts 16

B. CONTENTS OF BIDDING DOCUMENTS 16
9. Pre-Bid Conference 16
10. Clarification and Amendment of Bidding Documents 17

C. PREPARATION OF BIDS 18
11. Language of Bid 18
12. Documents Comprising the Bid: Eligibility and Technical Components 18
13. Documents Comprising the Bid: Financial Component 20
14. Alternative Bids 21
15. Bid Prices 21
16. Bid Currencies 23
17. Bid Validity 23
18. Bid Security 23
19. Format and Signing of Bids 26
20. Sealing and Marking of Bids 27

D. SUBMISSION AND OPENING OF BIDS 28
21. Deadline for Submission of Bids 28
22. Late Bids 28
23. Modification and Withdrawal of Bids 28
24. Opening and Preliminary Examination of Bids 29

E. EVALUATION AND COMPARISON of BIDS 31
25. Process to be Confidential 31
26. Clarification of Bids 31
27. Domestic Preference 31
28. Detailed Evaluation and Comparison of Bids 32
29. Post-Qualification 34
30. Reservation Clause 35

F. AWARD OF CONTRACT …… …… 36
31. Contract Award ……... 36
32. Signing of the Contract ……. 37
33. Performance Security …… 37
34. Notice to Proceed ……... 39

General

1. Scope of Bid

1.1. **APO** named in the **BDS** (hereinafter referred to as the "**APO**") wishes to receive bids for supply and delivery of the goods as described in Section VII. Technical Specifications (hereinafter referred to as the "Goods").

1.2. The name, identification, and number of lots specific to this bidding are provided in the **BDS**. The contracting strategy and basis of evaluation of lots is described in ITB Clause 28.

2. Source of Funds

APO has a budget or has applied for or received funds from the Funding Source named in the **BDS**, and in the amount indicated in the **BDS**. It intends to apply part of the funds received for the Project, as defined in the **BDS**, to cover eligible payments under the contract.

3. Corrupt, Fraudulent, Collusive, and Coercive Practices

3.1 Unless otherwise specified in the **BDS**, **APO** as well as the bidders and suppliers shall observe the highest standard of ethics during the procurement and execution of the contract. In pursuance of this policy, APO:

(a) defines, for purposes of this provision, the terms set forth below as follows:

(i) "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in RA 3019.

(ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the

execution of a contract to the detriment of **APO**, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive **APO** of the benefits of free and open competition.

(iii) "collusive practices" means a scheme or arrangement between two or more Bidders, with or without the knowledge of the **APO**, designed to establish bid prices at artificial, non-competitive levels.

(iv) "coercive practices" means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;

(v) "obstructive practice" is

(aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in order to materially impede an administrative proceedings or investigation of **APO** or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or

(bb) acts intended to materially impede the exercise of the inspection and audit rights of **APO** or any foreign government/foreign or international financing institution herein.

(b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

3.2 Further, **APO** will seek to impose the maximum civil, administrative,

and/or criminal penalties available under applicable laws on individuals and organizations deemed to be involved in any of the practices mentioned in ITB Clause 3.1(a).

3.3 Furthermore, the Funding Source and **APO** reserve the right to inspect and audit records and accounts of a bidder or supplier in the bidding for and performance of a contract themselves or through independent auditors as reflected in the GCC Clause 3.

4. Conflict of Interest

4.1 All Bidders found to have conflicting interests shall be disqualified to participate in the procurement at hand, without prejudice to the imposition of appropriate administrative, civil, and criminal sanctions. A Bidder may be considered to have conflicting interests with another Bidder in any of the events described in paragraphs (a) through (c) below and a general conflict of interest in any of the circumstances set out in paragraphs (d) through (f) below:

(a) A Bidder has controlling shareholders in common with another Bidder;

(b) A Bidder receives or has received any direct or indirect subsidy from any other Bidder;

(c) A Bidder has the same legal representative as that of another Bidder for purposes of this bid;

(d) A Bidder has a relationship, directly or through third parties, that puts them in a position to have access to information about or influence on the bid of another Bidder or influence the decisions of **APO** regarding this bidding process. This will include a firm or an organization who lends, or temporarily seconds, its personnel to firms or organizations which are engaged in consulting services for the preparation related to procurement for or implementation of the project if the personnel would be involved in any capacity on the same project;

(e) A Bidder submits more than one bid in this bidding process. However, this does not limit the participation of subcontractors in more than one bid; or

(f) A Bidder who participated as a consultant in the preparation of the design or technical specifications of the Goods and related services that are the subject of the bid.

4.2 In accordance with Section 47 of the IRR of RA 9184, all Bidding Documents

shall be accompanied by a sworn affidavit of the Bidder that it is not related to the Head of **APO** as the Procuring Entity, members of the Bids and Awards Committee (BAC), members of the Technical Working Group (TWG), members of the BAC Secretariat, the head of the Project Management Office (PMO) or the end-user unit, and the project consultants, by consanguinity or affinity up to the third civil degree. On the part of the Bidder, this Clause shall apply to the following persons:

(a) If the Bidder is an individual or a sole proprietorship, to the Bidder himself;

(b) If the Bidder is a partnership, to all its officers and members;

(c) If the Bidder is a corporation, to all its officers, directors, and controlling stockholders; and

(d) If the Bidder is a joint venture (JV), the provisions of items (a), (b), or (c) of this Clause shall correspondingly apply to each of the members of the said JV, as may be appropriate.

Relationship of the nature described above or failure to comply with this Clause will result in the automatic disqualification of a Bidder.

5. Eligible Bidders

5.1 Unless otherwise provided in the **BDS**, the following persons shall be eligible to participate in this bidding:

(a) Duly licensed Filipino citizens/sole proprietorships;

(b) Partnerships duly organized under the laws of the Philippines and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines;

(c) Corporations duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the outstanding capital stock belongs to citizens of the Philippines;

(d) Cooperatives duly organized under the laws of the Philippines, and of which at least sixty percent (60%) of the interest belongs to citizens of the Philippines; and

(e) Unless otherwise provided in the **BDS**, persons/entities forming themselves into a JV, *i.e.*, a group of two (2) or more persons/entities that intend to be jointly and severally responsible or liable for a particular contract: Provided, however, that Filipino

ownership or interest of the joint venture concerned shall be at least sixty percent (60%).

5.2. Foreign bidders may be eligible to participate when any of the following circumstances exist, as specified in the **BDS**:

(a) When a Treaty or International or Executive Agreement as provided in Section 4 of the RA 9184 and its IRR allow foreign bidders to participate;

(b) Citizens, corporations, or associations of a country, included in the list issued by the GPPB, the laws or regulations of which grant reciprocal rights or privileges to citizens, corporations, or associations of the Philippines;

(c) When the Goods sought to be procured are not available from local suppliers; or

(d) When there is a need to prevent situations that defeat competition or restrain trade.

5.3 Government corporate entities may be eligible to participate only if they can establish that they (a) are legally and financially autonomous, (b) operate under commercial law, and (c) are not dependent agencies of the GOP or the **APO**.

5.4. Unless otherwise provided in the **BDS**, the Bidder must have completed at least one contract similar to the Project the value of which, adjusted to current prices using the National Statistics Office consumer price index, must be at least equivalent to a percentage of the ABC stated in the **BDS**.

For this purpose, contracts similar to the Project shall be those described in the **BDS**, and completed within the relevant period stated in the Invitation to Bid and **ITB** Clause 12.1 (a) (iii).

5.5. The Bidder must submit a computation of its Net Financial Contracting Capacity (NFCC) or a commitment from a Universal or Commercial Bank to extend a credit line in its favor if awarded the contract for this Project (CLC).

The NFCC, computed using the following formula, must be at least equal to the ABC to be bid:

NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under

ongoing contracts, including awarded contracts yet to be started coinciding with the contract for this Project.

Where:

K = 10 for a contract duration of one year or less, 15 for a contract duration of more than one year up to two years, and 20 for a contract duration of more than two years.

The CLC must be at least equal to ten percent (10%) of the ABC for this Project. If issued by a foreign bank, it shall be confirmed or authenticated by a Universal or Commercial Bank. In the case of local government units (LGUs), the Bidder may also submit CLC from other banks certified by the *Bangko Sentral ng Pilipinas* (BSP) as authorized to issue such financial instrument.

6. Bidder's Responsibilities

6.1. The Bidder or its duly authorized representative shall submit a sworn statement in the form prescribed in Section VIII Bidding Forms as required in **ITB** Clause 12.1 (b) (iii).

6.2. The Bidder is responsible for the following:

(a) Having taken steps to carefully examine all of the Bidding Documents;

(b) Having acknowledged all conditions, local or otherwise, affecting the implementation of the contract;

(c) Having made an estimate of the facilities available and needed for the contract to be bid, if any;

(d) Having complied with its responsibility to inquire or secure Supplemental/Bid Bulletin(s) as provided under **ITB** Clause 10.3.

(e) Ensuring that it is not "blacklisted" or barred from bidding by the GOP or any of its agencies, offices, corporations, or LGUs, including foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the GPPB.

(f) Ensuring that each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;

(g) Authorizing the Head of **APO** as the Procuring Entity or its duly authorized representative/s to verify all the documents submitted.

(h) Ensuring that the signatory is the duly authorized representative of the Bidder, and granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the Bidder in the bidding, with the duly notarized Secretary's Certificate attesting to such fact, if the Bidder is a corporation, partnership, cooperative, or joint venture;

(i) Complying with the disclosure provision under Section 47 of RA 9184 in relation to other provisions of RA 3019; and

(j) Complying with existing labor laws and standards, in the case of procurement of services.

Failure to observe any of the above responsibilities shall be at the risk of the Bidder concerned.

6.3. The Bidder is expected to examine all instructions, forms, terms, and specifications in the Bidding Documents. Unless otherwise indicated in the **BDS**, failure to furnish all information or documentation required in the Bidding Documents shall result in the rejection of the bid and the disqualification of the Bidder.

6.4. It shall be the sole responsibility of the Bidder to determine and to satisfy itself by such means as it considers necessary or desirable as to all matters pertaining to the contract to be bid, including: (a) the location and the nature of this Project; (b) climatic conditions; (c) transportation facilities; and (d) other factors that may affect the cost, duration, and execution or implementation of this Project.

6.5. **APO** shall not assume any responsibility regarding erroneous interpretations or conclusions by the prospective or eligible bidder out of the data furnished by **APO**.

6.6. The Bidder shall bear all costs associated with the preparation and submission of his bid, and **APO** will in no case be responsible or liable for those costs, regardless of the conduct or outcome of the bidding process.

6.7. Before submitting their bids, the Bidder is deemed to have become familiar with all existing laws, decrees, ordinances, acts and regulations

of the Philippines which may affect this Project in any way.

6.8. The Bidder should note that **APO** will accept bids only from those that have paid the nonrefundable fee for the Bidding Documents at the office indicated in the Invitation to Bid.

7. Origin of Goods

Unless otherwise indicated in the **BDS**, there is no restriction on the origin of goods other than those prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations, subject to **ITB** Clause 27.1.

9. Subcontracts

8.1. Unless otherwise specified in the **BDS**, the Bidder may subcontract portions of the Goods to an extent as may be approved by **APO** and stated in the **BDS**. However, subcontracting of any portion shall not relieve the Bidder from any liability or obligation that may arise from the contract for this Project.

8.2. Subcontractors must comply with the eligibility criteria and the documentary requirements specified in the **BDS**. In the event that any subcontractor is found by **APO** to be ineligible, the subcontracting of such portion of the Goods shall be disallowed.

8.3. The Bidder may identify the subcontractor to whom a portion of the Goods will be subcontracted at any stage of the bidding process or during contract implementation. If the Bidder opts to disclose the name of the subcontractor during bid submission, the Bidder shall include the required documents as part of the technical component of its bid.

B. Contents of Bidding Documents

9. Pre-Bid Conference

9.1. If so specified in the **BDS**, a pre-bid conference shall be held at the venue and on the date indicated therein, to clarify and address the Bidders' questions on the technical and financial components of this Project.

9.2. The pre-bid conference shall be held at least twelve (12) calendar days before the deadline for the submission and receipt of bids. If **APO** determines that, by reason of the method, nature, or complexity of the contract to be bid, or when international participation will be more

advantageous to the GOP, a longer period for the preparation of bids is necessary, the pre-bid conference shall be held at least thirty (30) calendar days before the deadline for the submission and receipt of bids, as specified in the **BDS**.

9.3. Bidders are encouraged to attend the pre-bid conference to ensure that they fully understand **APO**'s requirements. Non-attendance of the Bidder will in no way prejudice its bid; however, the Bidder is expected to know the changes and/or amendments to the Bidding Documents discussed during the pre-bid conference.

9.4. Any statement made at the pre-bid conference shall not modify the terms of the Bidding Documents unless such statement is specifically identified in writing as an amendment thereto and issued as a Supplemental/Bid Bulletin.

10. Clarification and Amendment of Bidding Documents

10.1. Bidders who have purchased the Bidding Documents may request for clarification on any part of the Bidding Documents for an interpretation. Such request must be in writing and submitted to **APO** at the address indicated in the **BDS** at least ten (10) calendar days before the deadline set for the submission and receipt of bids.

10.2. Supplemental/Bid Bulletins may be issued upon **APO**'s initiative for purposes of clarifying or modifying any provision of the Bidding Documents not later than seven (7) calendar days before the deadline for the submission and receipt of bids. Any modification to the Bidding Documents shall be identified as an amendment.

10.3. Any Supplemental/Bid Bulletin issued by the BAC shall also be posted on the Philippine Government Electronic Procurement System (PhilGEPS) and the website of **APO** concerned, if available. It shall be the responsibility of all Bidders who secure the Bidding Documents to inquire and secure Supplemental/Bid Bulletins that may be issued by the BAC. However, Bidders who have submitted bids before the issuance of the Supplemental/Bid Bulletin must be informed and allowed to modify or withdraw their bids in accordance with **ITB** Clause 23.

C. Preparation of Bids

11. Language of Bid

The bid, as well as all correspondence and documents relating to the bid exchanged by the Bidder and **APO**, shall be written in English. Supporting documents and printed literature furnished by the Bidder may be in another language provided they are accompanied by an accurate translation in English certified by the appropriate embassy or consulate in the Philippines, in which case the English translation shall govern for purposes of interpretation of the bid.

12. Documents Comprising the Bid: Eligibility and Technical Components

12.1. Unless otherwise indicated in the **BDS**, the first envelope shall contain the following eligibility and technical documents:

(a) Eligibility Documents –

Class "A" Documents:

(i) Registration certificate from the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI) for sole proprietorship, or Cooperative Development Authority (CDA) for cooperatives, or any proof of such registration as stated in the **BDS**;

(ii) Mayor's permit issued by the city or municipality where the principal place of business of the prospective bidder is located;

(iii) Statement of all its ongoing and completed government and private contracts within the period stated in the **BDS**, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following:

(iii.1) name of the contract;

(iii.2) date of the contract;

(iii.3) kinds of Goods;

(iii.4) amount of contract and value of outstanding

contracts;

(iii.5) date of delivery; and

(iii.6) end user's acceptance or official receipt(s) issued for the contract, if completed.

(iv) Audited financial statements, stamped "received" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the preceding calendar year, which should not be earlier than two (2) years from bid submission;

(v) NFCC computation or CLC in accordance with **ITB** Clause 5.5; and

Class "B" Document:

(vi) If applicable, the JVA in case the joint venture is already in existence, or duly notarized statements from all the potential joint venture partners stating that they will enter into and abide by the provisions of the JVA in the instance that the bid is successful.

(b) Technical Documents –

(i) Bid security in accordance with **ITB** Clause 18. If the Bidder opts to submit the bid security in the form of:

(i.1) a bank draft/guarantee or an irrevocable letter of credit issued by a foreign bank, it shall be accompanied by a confirmation from a Universal or Commercial Bank; or

(i.2) a surety bond, it shall be accompanied by a certification by the Insurance Commission that the surety or insurance company is authorized to issue such instruments;

(ii) Conformity with technical specifications, as enumerated and specified in Sections VI and VII of the Bidding Documents; and

(iii) Sworn statement in accordance with Section 25.2(a)(iv) of the IRR of RA 9184 and using the form prescribed in

Section VIII Bidding Forms.

13. Documents Comprising the Bid: Financial Component

13.1 Unless otherwise stated in the **BDS**, the financial component of the bid shall contain the following:

(a) Financial Bid Form, which includes bid prices and the bill of quantities and the applicable Price Schedules, in accordance with **ITB** Clauses 15.1 and 15.4;

(b) If the Bidder claims preference as a Domestic Bidder or Domestic Entity, a certification from the DTI, SEC, or CDA issued in accordance with **ITB** Clause 27, unless otherwise provided in the **BDS**; and

(c) Any other document related to the financial component of the bid as stated in the **BDS**.

13.2 (a) Unless otherwise stated in the **BDS,** all bids that exceed the ABC shall not be accepted.

(b) Unless otherwise indicated in the **BDS**, for foreign-funded procurement, a ceiling may be applied to bid prices provided the following conditions are met:

(i) Bidding Documents are obtainable free of charge on a freely accessible website. If payment of Bidding Documents is required by the **APO**, payment could be made upon the submission of bids.

(ii) The **APO** has procedures in place to ensure that the ABC is based on recent estimates made by the responsible unit of the **APO** and that the estimates reflect the quality, supervision and risk and inflationary factors, as well as prevailing market prices, associated with the types of works or goods to be procured.

(iii) **APO** has trained cost estimators on estimating prices and analyzing bid variances.

(iv) **APO** has established a system to monitor and report bid prices relative to ABC and engineer's/**APO**'s estimate.

(v) **APO** has established a system to monitor and report bid prices relative to ABC and **APO**'s estimate. **APO** has established a monitoring and evaluation system for contract implementation

to provide a feedback on actual total costs of goods and works.

14. Alternative Bids

Alternative Bids shall be rejected. For this purpose, alternative bid is an offer made by a Bidder in addition or as a substitute to its original bid which may be included as part of its original bid or submitted separately therewith for purposes of bidding. A bid with options is considered an alternative bid regardless of whether said bid proposal is contained in a single envelope or submitted in two (2) or more separate bid envelopes.

15. Bid Prices

15.1. The Bidder shall complete the appropriate Price Schedules included herein, stating the unit prices, total price per item, the total amount and the expected countries of origin of the Goods to be supplied under this Project.

15.2. The Bidder shall fill in rates and prices for all items of the Goods described in the Bill of Quantities. Bids not addressing or providing all of the required items in the Bidding Documents including, where applicable, Bill of Quantities, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a "0" (zero) for the said item would mean that it is being offered for free to the Government.

15.3. The terms Ex Works (EXW), Cost, Insurance and Freight (CIF), Cost and Insurance Paid to (CIP), Delivered Duty Paid (DDP), and other trade terms used to describe the obligations of the parties, shall be governed by the rules prescribed in the current edition of the International Commercial Terms (INCOTERMS) published by the International Chamber of Commerce, Paris.

15.4. Prices indicated on the Price Schedule shall be entered separately in the following manner:

(a) For Goods offered from within **APO**'s country:

(i) The price of the Goods quoted EXW (ex works, ex factory, ex warehouse, ex showroom, or off-the-shelf, as applicable), including all customs duties and sales and other taxes already paid or payable:

(i.1) on the components and raw material used in the manufacture or assembly of Goods quoted ex works or ex factory; or

(i.2) on the previously imported Goods of foreign origin quoted ex warehouse, ex showroom, or off-the-shelf and any **APO** country sales and other taxes which will be payable on the Goods if the contract is awarded.

(ii) The price for inland transportation, insurance, and other local costs incidental to delivery of the Goods to their final destination.

(iii) The price of other (incidental) services, if any, listed in **the BDS.**

(b) For Goods offered from abroad:

(i) Unless otherwise stated in the **BDS**, the price of the Goods shall be quoted DDP with the place of destination in the Philippines as specified in the **BDS**. In quoting the price, the Bidder shall be free to use transportation through carriers registered in any eligible country. Similarly, the Bidder may obtain insurance services from any eligible source country.

(ii) The price of other (incidental) services, if any, listed in the **BDS**.

15.5. Prices quoted by the Bidder shall be fixed during the Bidder's performance of the contract and not subject to variation or price escalation on any account, unless otherwise specified in the **BDS**. A bid submitted with an adjustable price quotation shall be treated as non-responsive and shall be rejected, pursuant to **ITB** Clause 24.

15.6 All bid prices shall be considered as fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances. Extraordinary circumstances refer to events that may be determined by the National Economic and Development Authority in accordance with the Civil Code of the Philippines, and upon the recommendation of **APO**. Nevertheless, in cases where the cost of the awarded contract is affected by any applicable new laws, ordinances, regulations, or other acts of the GOP, promulgated after the date of bid opening, a contract price adjustment

shall be made or appropriate relief shall be applied on a no loss-no gain basis.

16. Bid Currencies

16.1. Prices shall be quoted in the following currencies:

(a) For Goods that the Bidder will supply from within the Philippines, the prices shall be quoted in Philippine Pesos.

(b) For Goods that the Bidder will supply from outside the Philippines, the prices may be quoted in the currency(ies) stated in the **BDS**. However, for purposes of bid evaluation, bids denominated in foreign currencies shall be converted to Philippine currency based on the exchange rate as published in the BSP reference rate bulletin on the day of the bid opening.

16.2. If so allowed in accordance with **ITB** Clause 16.1, the **APO** for purposes of bid evaluation and comparing the bid prices will convert the amounts in various currencies in which the bid price is expressed to Philippine Pesos at the foregoing exchange rates.

16.3. Unless otherwise specified in the BDS, payment of the contract price shall be made in Philippine Pesos.

17. Bid Validity

17.1. Bids shall remain valid for the period specified in the **BDS** which shall not exceed one hundred twenty (120) calendar days from the date of the opening of bids.

17.2. In exceptional circumstances, prior to the expiration of the Bid validity period, **APO** may request Bidders to extend the period of validity of their bids. The request and the responses shall be made in writing. The bid security described in **ITB** Clause 18 should also be extended corresponding to the extension of the bid validity period at the least. A Bidder may refuse the request without forfeiting its bid security, but his bid shall no longer be considered for further evaluation and award. A Bidder granting the request shall not be required or permitted to modify its bid.

18. Bid Security

18.1. The bid security in the amount stated in the BDS shall be equal to the percentage of the ABC in accordance with the following schedule:

Form of Bid Security	Amount of Bid Security (Equal to Percentage of first year of ABC)
(a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank.	Two percent (2%) PhP 350,000,000.00x0.2 = PhP 7,000,000.00
(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	
(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security.	Five percent (5%) PhP 350,000,000.00x .05 = PhP 17,500,000.00
(d) Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security

OR

In lieu of a bid security mentioned in Section 27.2 of the IRR of RA 9184, the bidder may submit a sworn Bid Securing Declaration that is an undertaking which states, among others, that the bidder shall enter into contract with the procuring entity and furnish the required performance security within ten (10) calendar days, or less, as indicated in the Bidding Documents, from receipt of the Notice of Award, and committing to pay the corresponding fine and be suspended for a period of time from being qualified to participate in any government procurement activity in the event it violates any of the

conditions stated therein as required in the guidelines issued by the GPPB.

For biddings conducted by LGUs, the Bidder may also submit bid securities in the form of cashier's/manager's check, bank draft/guarantee, or irrevocable letter of credit from other banks certified by the BSP as authorized to issue such financial statement.

18.2. The bid security should be valid for the period specified in the **BDS**. Any bid not accompanied by an acceptable bid security shall be rejected by as non-responsive.

18.3. No bid securities shall be returned to bidders after the opening of bids and before contract signing, except to those that failed or declared as post-disqualified, upon submission of a written waiver of their right to file a motion for reconsideration and/or protest. Without prejudice on its forfeiture, bid securities shall be returned only after the bidder with the Lowest Calculated and Responsive Bid has signed the contract and furnished the performance security, but in no case later than the expiration of the bid security validity period indicated in **ITB** Clause 18.2.

18.4. Upon signing and execution of the contract pursuant to **ITB** Clause 32, and the posting of the performance security pursuant to **ITB** Clause 33, the successful Bidder's bid security will be discharged, but in no case later than the bid security validity period as indicated in the **ITB** Clause 18.2

18.5. The bid security may be forfeited:

(a) if a Bidder:

(i) withdraws its bid during the period of bid validity specified in **ITB** Clause 17;

(ii) does not accept the correction of errors pursuant to **ITB** Clause 28.3 (b);

(iii) fails to submit the requirements within the prescribed period or a finding against their veracity as stated in **ITB** Clause 29.2;

(iv) submits eligibility requirements containing false information or falsified documents or conceals such information in the bids in order to influence the outcome

of eligibility screening or any other stage of the public bidding;

(v) allows the use of one's name, or using the name of another for purposes of qualifying in the bidding;

(vi) withdraws a bid, or refuses to accept an award, or enter into contract with the Government without justifiable cause, after the Bidder had been adjudged as having submitted the Lowest Calculated and Responsive Bid;

(vii) refuses or fails to post the required performance security within the prescribed time;

(viii) refuses to clarify or fails validate in writing its bid during post-qualification within a period of seven (7) calendar days from receipt of the request for clarification;

(ix) is found to have any documented attempt to unduly influence the outcome of the bidding in his/its favor;

(x) who submits a bid as a potential joint venture, fails to enter into the joint venture after the bid is declared successful; or

(xi) commits any other acts that tend to defeat the purpose of the competitive bidding, such as habitually withdrawing from bidding, submitting late or patently insufficient bids, for at least three (3) times within a year, except for valid reasons.

(b) if the successful Bidder:

(i) fails to sign the contract in accordance with **ITB** Clause 32;

(ii) fails to furnish performance security in accordance with **ITB** Clause 33; or

(iii) any other reasons stated in the **BDS**.

19. Format and Signing of Bids

19.1. Bidders shall submit their bids through their duly authorized representative using the appropriate forms provided in Section VIII Bidding Forms on or before the deadline specified in the **ITB** Clauses 21

in two (2) separate sealed bid envelopes, and which shall be submitted simultaneously. The first shall contain the technical component of the bid, including the eligibility requirements under **ITB** Clause 12.1 and the second shall contain the financial component of the bid.

19.2. Forms as mentioned in **ITB** Clause 19.1 must be completed without any alterations to their format, and no substitute form shall be accepted. All blank spaces shall be filled in with the information requested.

19.3. The Bidder shall prepare and submit an original of the first and second envelopes as described in **ITB** Clauses 12 and 13. In the event of any discrepancy between the original and the copies, the original shall prevail.

19.4. The bid, except for unamended printed literature, shall be signed, and each and every page thereof shall be initialed, by the duly authorized representative/s of the Bidder.

19.5. Any interlineations, erasures, or overwriting shall be valid only if they are signed or initialed by the duly authorized representative/s of the Bidder.

20. Sealing and Marking of Bids

20.1. Unless otherwise indicated in the **BDS**, Bidders shall enclose their original eligibility and technical documents described in **ITB** Clause 12 in one sealed envelope marked “ORIGINAL - TECHNICAL COMPONENT”, and the original of their financial component in another sealed envelope marked “ORIGINAL - FINANCIAL COMPONENT”, sealing them all in an outer envelope marked “ORIGINAL BID”.

20.2. Each copy of the first and second envelopes shall be similarly sealed duly marking the inner envelopes as “COPY NO. ___ - TECHNICAL COMPONENT” and “COPY NO. ___ – FINANCIAL COMPONENT” and the outer envelope as “COPY NO. ___”, respectively. These envelopes containing the original and the copies shall then be enclosed in one single envelope.

20.3. The original and the number of copies of the Bid as indicated in the **BDS** shall be typed or written in indelible ink and shall be signed by the bidder or its duly authorized representative/s.

20.4. All envelopes shall:

(a) contain the name of the contract to be bid in capital letters;

(b) bear the name and address of the Bidder in capital letters;

(c) be addressed to **APO**'s BAC in accordance with **ITB** Clause 1.1;

(d) bear the specific identification of this bidding process indicated in the **ITB** Clause 1.2; and

(e) bear a warning "DO NOT OPEN BEFORE…" the date and time for the opening of bids, in accordance with **ITB** Clause 21.

20.5. If bids are not sealed and marked as required, **APO** will assume no responsibility for the misplacement or premature opening of the bid.

D. Submission and Opening of Bids

21. Deadline for Submission of Bids

Bids must be received by **APO**'s BAC at the address and on or before the date and time indicated in the **BDS**.

22. Late Bids

Any bid submitted after the deadline for submission and receipt of bids prescribed by **APO**, pursuant to **ITB** Clause 21, shall be declared "Late" and shall not be accepted by **APO**.

23. Modification and Withdrawal of Bids

23.1. The Bidder may modify its bid after it has been submitted; provided that the modification is received by **APO** prior to the deadline prescribed for submission and receipt of bids. The Bidder shall not be allowed to retrieve its original bid, but shall be allowed to submit another bid equally sealed, properly identified, linked to its original bid marked as "TECHNICAL MODIFICATION" or "FINANCIAL MODIFICATION" and stamped "received" by the BAC. Bid modifications received after the applicable deadline shall not be considered and shall be returned to the Bidder unopened.

23.2. A Bidder may, through a Letter of Withdrawal, withdraw its bid after it has been submitted, for valid and justifiable reason; provided that the Letter of Withdrawal is received by **APO** prior to the deadline prescribed for submission and receipt of bids.

23.3. Bids requested to be withdrawn in accordance with **ITB** Clause 23.1 shall be returned unopened to the Bidders. A Bidder may also express its intention not to participate in the bidding through a letter which should reach and be stamped by the BAC before the deadline for submission and receipt of bids. A Bidder that withdraws its bid shall not be permitted to submit another bid, directly or indirectly, for the same contract.

23.4. No bid may be modified after the deadline for submission of bids. No bid may be withdrawn in the interval between the deadline for submission of bids and the expiration of the period of bid validity specified by the Bidder on the Financial Bid Form. Withdrawal of a bid during this interval shall result in the forfeiture of the Bidder's bid security, pursuant to **ITB** Clause 18.5 and the imposition of administrative, civil and criminal sanctions as prescribed by RA 9184 and its IRR.

24. Opening and Preliminary Examination of Bids

24.1. The BAC shall open the first bid envelopes of Bidders in public as specified in the **BDS** to determine each Bidder's compliance with the documents prescribed in **ITB** Clause 12. For this purpose, the BAC shall check the submitted documents of each bidder against a checklist of required documents to ascertain if they are all present, using a non-discretionary "pass/fail" criterion. If a bidder submits the required document, it shall be rated "passed" for that particular requirement. In this regard, bids that fail to include any requirement or are incomplete or patently insufficient shall be considered as "failed". Otherwise, the BAC shall rate the said first bid envelope as "passed".

24.2. Unless otherwise specified in the **BDS**, immediately after determining compliance with the requirements in the first envelope, the BAC shall forthwith open the second bid envelope of each remaining eligible bidder whose first bid envelope was rated "passed". The second envelope of each complying bidder shall be opened within the same day. In case one or more of the requirements in the second envelope of a particular bid is missing, incomplete or patently insufficient, and/or if the submitted total bid price exceeds the ABC unless otherwise provided in **ITB** Clause 13.2, the BAC shall rate the bid concerned as "failed". Only bids that are determined to contain all the bid requirements for both components shall be rated "passed" and shall immediately be considered for evaluation and comparison.

24.3. Letters of withdrawal shall be read out and recorded during bid opening, and the envelope containing the corresponding withdrawn bid shall be returned to the Bidder unopened. If the withdrawing Bidder's representative is in attendance, the original bid and all copies thereof shall be returned to the representative during the bid opening. If the representative is not in attendance, the bid shall be returned unopened by registered mail. The Bidder may withdraw its bid prior to the deadline for the submission and receipt of bids, provided that the corresponding Letter of Withdrawal contains a valid authorization requesting for such withdrawal, subject to appropriate administrative sanctions.

24.4. If a Bidder has previously secured a certification from **APO** to the effect that it has previously submitted the above-enumerated Class "A" Documents, the said certification may be submitted in lieu of the requirements enumerated in **ITB** Clause 12.1(a), items (i) to (v).

24.5. In the case of an eligible foreign Bidder as described in **ITB** Clause 5, the Class "A" Documents described in **ITB** Clause 12.1(a) may be substituted with the appropriate equivalent documents, if any, issued by the country of the foreign Bidder concerned.

24.6. Each partner of a joint venture agreement shall likewise submit the requirements in **ITB** Clauses 12.1(a) (i)and 12.1(a) (ii). Submission of documents required under **ITB** Clauses 12.11(a) (iii) to 12.1 (a) (v) by any of the joint venture partners constitutes compliance.

24.7. A Bidder determined as "failed" has three (3) calendar days upon written notice or, if present at the time of bid opening, upon verbal notification, within which to file a request or motion for reconsideration with the BAC: Provided, however, that the motion for reconsideration shall not be granted if it is established that the finding of failure is due to the fault of the Bidder concerned: Provided, further, that the BAC shall decide on the request for reconsideration within seven (7) calendar days from receipt thereof. If a failed Bidder signifies his intent to file a motion for reconsideration, the BAC shall keep the bid envelopes of the said failed Bidder unopened and/or duly sealed until such time that the motion for reconsideration or protest has been resolved**.**

24.8. **APO** shall prepare the minutes of the proceedings of the bid opening that shall include, as a minimum: (a) names of Bidders, their bid price, bid security, findings of preliminary examination; and (b) attendance

sheet. The BAC members shall sign the abstract of bids as read.

E. Evaluation and Comparison of Bids

25. Process to be Confidential

25.1. Members of the BAC, including its staff and personnel, as well as its Secretariat and TWG, are prohibited from making or accepting any kind of communication with any bidder regarding the evaluation of their bids until the issuance of the Notice of Award, unless otherwise allowed in the case of **ITB** Clause 26.

25.2. Any effort by a bidder to influence **APO** in the **APO**'s decision in respect of bid evaluation, bid comparison or contract award will result in the rejection of the Bidder's bid.

26. Clarification of Bids

To assist in the evaluation, comparison, and post-qualification of the bids, **APO** may ask in writing any Bidder for a clarification of its bid. All responses to requests for clarification shall be in writing. Any clarification submitted by a Bidder in respect to its bid and that is not in response to a request by the **APO** shall not be considered.

27. Domestic Preference

27.1. Unless otherwise stated in the **BDS**, **APO** will grant a margin of preference for the purpose of comparison of bids in accordance with the following:

(a) The preference shall be applied when (i) the lowest Foreign Bid is lower than the lowest bid offered by a Domestic Bidder, or (ii) the lowest bid offered by a non-Philippine national is lower than the lowest bid offered by a Domestic Entity.

(b) For evaluation purposes, the lowest Foreign Bid or the bid offered by a non-Philippine national shall be increased by fifteen percent (15%).

(c) In the event that (i) the lowest bid offered by a Domestic Entity does not exceed the lowest Foreign Bid as increased, or (ii) the lowest bid offered by a non-Philippine national as increased, then **APO** shall award the contract to the Domestic Bidder/Entity at the amount of the lowest Foreign Bid or the bid offered by a non-

Philippine national, as the case may be.

(d) If the Domestic Entity/Bidder refuses to accept the award of contract at the amount of the Foreign Bid or bid offered by a non-Philippine national within two (2) calendar days from receipt of written advice from the BAC, **APO** shall award to the bidder offering the Foreign Bid or the non-Philippine national, as the case may be, subject to post-qualification and submission of all the documentary requirements under these Bidding Documents.

27.2. A Bidder may be granted preference as a Domestic Entity subject to the certification from the DTI (in case of sole proprietorships), SEC (in case of partnerships and corporations), or CDA (in case of cooperatives) that the (a) sole proprietor is a citizen of the Philippines or the partnership, corporation, cooperative, or association is duly organized under the laws of the Philippines with at least seventy five percent (75%) of its interest or outstanding capital stock belonging to citizens of the Philippines, (b) habitually established in business and habitually engaged in the manufacture or sale of the merchandise covered by his bid, and (c) the business has been in existence for at least five (5) consecutive years prior to the advertisement and/or posting of the Invitation to Bid for this Project.

27.3. A Bidder may be granted preference as a Domestic Bidder subject to the certification from the DTI that the Bidder is offering unmanufactured articles, materials or supplies of the growth or production of the Philippines, or manufactured articles, materials, or supplies manufactured or to be manufactured in the Philippines substantially from articles, materials, or supplies of the growth, production, or manufacture, as the case may be, of the Philippines.

28. Detailed Evaluation and Comparison of Bids

28.1. **APO** will undertake the detailed evaluation and comparison of bids which have passed the opening and preliminary examination of bids, pursuant to **ITB** Clause 24, in order to determine the Lowest Calculated Bid.

28.2. The Lowest Calculated Bid shall be determined in two steps:

(a) The detailed evaluation of the financial component of the bids, to establish the correct calculated prices of the bids; and

(b) The ranking of the total bid prices as so calculated from the

lowest to the highest. The bid with the lowest price shall be identified as the Lowest Calculated Bid.

28.3. **APO**'s BAC shall immediately conduct a detailed evaluation of all bids rated "passed," using non-discretionary pass/fail criteria. Unless otherwise specified in the **BDS**, the BAC shall consider the following in the evaluation of bids:

(a) Completeness of the bid. Unless the ITB specifically allows partial bids, bids not addressing or providing all of the required items in the Schedule of Requirements including, where applicable, bill of quantities, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a "0" (zero) for the said item would mean that it is being offered for free to **APO**; and

(b) Arithmetical corrections. Consider computational errors and omissions to enable proper comparison of all eligible bids. It may also consider bid modifications, if allowed in the **BDS**. Any adjustment shall be calculated in monetary terms to determine the calculated prices.

28.4. Based on the detailed evaluation of bids, those that comply with the above-mentioned requirements shall be ranked in the ascending order of their total calculated bid prices, as evaluated and corrected for computational errors, discounts and other modifications, to identify the Lowest Calculated Bid. Total calculated bid prices, as evaluated and corrected for computational errors, discounts and other modifications, which exceed the ABC shall not be considered.

28.5. Unless otherwise indicated in the **BDS**, **APO's** evaluation of bids shall only be based on the bid price quoted in the Financial Bid Form.

28.6. Bids shall be evaluated on an equal footing to ensure fair competition. For this purpose, all bidders shall be required to include in their bids the cost of all taxes, such as, but not limited to, value added tax (VAT), income tax, local taxes, and other fiscal levies and duties which shall be itemized in the bid form and reflected in the detailed estimates. Such bids, including said taxes, shall be the basis for bid evaluation and comparison.

29. Post-Qualification

29.1. **APO** shall determine to its satisfaction whether the Bidder that is evaluated as having submitted the Lowest Calculated Bid (LCB) complies with and is responsive to all the requirements and conditions specified in **ITB** Clauses 5,12, and 13.

29.2. Within a non-extendible period of three (3) calendar days from receipt by the bidder of the notice from the BAC that it submitted the LCB, the Bidder shall submit the following documentary requirements:

(a) Tax clearance per Executive Order 398, Series of 2005;

(b) Latest income and business tax returns in the form specified in the **BDS**;

(c) Certificate of PhilGEPS Registration; and

(d) Other appropriate licenses and permits required by law and stated in the **BDS**.

Failure of the Bidder declared as Lowest Calculated Bid to duly submit the requirements under this Clause or a finding against the veracity of such shall be ground for forfeiture of the bid security and disqualification of the Bidder for award.

29.3. The determination shall be based upon an examination of the documentary evidence of the Bidder's qualifications submitted pursuant to **ITB** Clauses 12 and 13, as well as other information as **APO** deems necessary and appropriate, using a non-discretionary "pass/fail" criterion.

29.4. If the BAC determines that the Bidder with the Lowest Calculated Bid passes all the criteria for post-qualification, it shall declare the said bid as the Lowest Calculated Responsive Bid, and recommend to the Head of the Procuring Entity the award of contract to the said Bidder at its submitted price or its calculated bid price, whichever is lower.

29.5. A negative determination shall result in rejection of the Bidder's Bid, in which event **APO** shall proceed to the next Lowest Calculated Bid to make a similar determination of that Bidder's capabilities to perform satisfactorily. If the second Bidder, however, fails the post qualification, the procedure for post qualification shall be repeated for the Bidder with the next Lowest Calculated Bid, and so on until the Lowest

Calculated Responsive Bid is determined for contract award.

29.6. Within a period not exceeding seven (7) calendar days from the date of receipt of the recommendation of the BAC, the Head of the Procuring Entity shall approve or disapprove the said recommendation. In the case of GOCCs and GFIs, the period provided herein shall be fifteen (15) calendar days.

30. Reservation Clause

30.1 Notwithstanding the eligibility or post-qualification of a Bidder, APO concerned reserves the right to review its qualifications at any stage of the procurement process if it has reasonable grounds to believe that a misrepresentation has been made by the said Bidder, or that there has been a change in the Bidder's capability to undertake the project from the time it submitted its eligibility requirements. Should such review uncover any misrepresentation made in the eligibility and bidding requirements, statements or documents, or any changes in the situation of the Bidder which will affect its capability to undertake the project so that it fails the preset eligibility or bid evaluation criteria, **APO** shall consider the said Bidder as ineligible and shall disqualify it from submitting a bid or from obtaining an award or contract.

30.2. Based on the following grounds, **APO** reserves the right to reject any and all bids, declare a failure of bidding at any time prior to the contract award, or not to award the contract, without thereby incurring any liability, and make no assurance that a contract shall be entered into as a result of the bidding:

(a) If there is *prima facie* evidence of collusion between appropriate public officers or employees of **APO**, or between the BAC and any of the Bidders, or if the collusion is between or among the bidders themselves, or between a Bidder and a third party, including any act which restricts, suppresses or nullifies or tends to restrict, suppress or nullify competition;

(b) If **APO**'s BAC is found to have failed in following the prescribed bidding procedures; or

(c) For any justifiable and reasonable ground where the award of the contract will not redound to the benefit of the GOP as follows:

(i) If the physical and economic conditions have significantly changed so as to render the project no longer

economically, financially or technically feasible as determined by the head of the procuring entity;

(ii) If the project is no longer necessary as determined by the head of the procuring entity; and

(iii) If the source of funds for the project has been withheld or reduced through no fault of the -**APO**.

30.3. In addition, **APO** may likewise declare a failure of bidding when:

(a) No bids are received;

(b) All prospective Bidders are declared ineligible;

(c) All bids fail to comply with all the bid requirements or fail post-qualification; or

(d) The Bidder with the Lowest Calculated Responsive Bid (LCRB) refuses, without justifiable cause to accept the award of contract, and no award is made.

F. Award of Contract

31. Contract Award

31.1. Subject to **ITB** Clause 29, **APO** shall award the contract to the Bidder whose bid has been determined to be the LCRB.

31.2. Prior to the expiration of the period of bid validity, **APO** shall notify the successful Bidder in writing that its bid has been accepted, through a Notice of Award received personally or sent by registered mail or electronically, receipt of which must be confirmed in writing within two (2) days by the Bidder with the LCRB and submitted personally or sent by registered mail or electronically to **APO**.

31.3. Notwithstanding the issuance of the Notice of Award, award of contract shall be subject to the following conditions:

(a) Submission of the valid JVA, if applicable, within ten (10) calendar days from receipt by the Bidder of the notice from the BAC that the Bidder has the LCRB;

(b) Posting of the performance security in accordance with **ITB** Clause 33;

(c) Signing of the contract as provided in **ITB** Clause 32; and

(d) Approval by higher authority, if required.

32. Signing of the Contract

32.1. At the same time as **APO** notifies the successful Bidder that its bid has been accepted, **APO** shall send the Contract Form to the Bidder, which contract has been provided in the Bidding Documents, incorporating therein all agreements between the parties.

32.2. Within ten (10) calendar days from receipt of the Notice of Award, the successful Bidder shall post the required performance security and sign and date the contract and return it to **APO**.

32.3. **APO** shall enter into contract with the successful Bidder within the same ten (10)-calendar day period provided that all the documentary requirements are complied with.

32.4. The following documents shall form part of the contract:

(a) Contract Agreement;

(b) Bidding Documents;

(c) Winning bidder's bid, including the Technical and Financial Proposals, and all other documents/statements submitted;

(d) Performance Security;

(e) Credit Line in accordance with ITB Clause 5.5, if applicable;

(f) Notice of Award of Contract; and

(g) Other contract documents that may be required by existing laws and / or specified in the BDS.

33. Performance Security;

33.1. To guarantee the faithful performance by the winning Bidder of its obligations under the contract, it shall post a performance security within a maximum period of ten (10) calendar days from the receipt of the Notice of Award from **APO** and in no case later than the signing of the contract.

33.2. The performance security shall be denominated in Philippine Pesos

and posted in favor of **APO** in an amount equal to the percentage of the total contract price in accordance with the following schedule:

Form of Performance Security	Amount of Performance Security (Equal to Percentage of the Contract Price)
(a) Cash or cashier's/manager's check issued by a Universal or Commercial Bank.	Five percent (5%)
(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.	
(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security; and/or	Thirty percent (30%)
(d) Any combination of the foregoing.	Proportionate to share of form with respect to total amount of security

33.3 Failure of the successful Bidder to comply with the above-mentioned requirement shall constitute sufficient ground for the annulment of the award and forfeiture of the bid security, in which event **APO** shall initiate and complete the post qualification of the second Lowest Calculated Bid. The procedure shall be repeated until the LCRB is identified and selected for contract award. However, if no Bidder

passed post-qualification, the BAC shall declare the bidding a failure and conduct a re-bidding with re-advertisement.

34. Notice to Proceed

34.1. Within three (3) calendar days from the date of approval of the contract by the appropriate government approving authority, **APO** shall issue its Notice to Proceed to the Bidder.

34.2. The contract effectivity date shall be provided in the Notice to Proceed by **APO**, which date shall not be later than seven (7) calendar days from the issuance of the Notice to Proceed.

Section III. Bid Data Sheet

Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System

ITB Clause	
1.1	The Procuring Entity is *APO Production Unit, Inc.*
1.2	The lot is for the: *Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System (IRSIS)*
2	The Funding Source is: The Corporate Fund and 2013 Annual Procurement Plan duly approved by the Board of Trustees in the amount of *One Billion Seven Hundred Fifty Million Pesos (PhP 1,750,000,000.00) for five (5) years inclusive of VAT and other applicable taxes.* The name of the Project is: **Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System ("IRSIS")**.
3.1	No further instructions.
4.1	The Bidder shall submit a sworn statement from the Corporate Secretary as to the list of stockholders, number of shares owned and percentage of shareholdings executed within three (3) calendar months before the date of the submission of the bids. NOTE: a. Sworn/under oath statement/affidavit shall be executed by the duly authorized signatory, with the corresponding documentary stamps and latest notarization b. All notarization shall be made in accordance with the provisions of the 2004 Rules on Notarial Practice as prescribed by the Supreme Court of the Philippines.
5.1	No further instructions.
5.2	None of the circumstances mentioned in the ITB Clause exists in this Project. Foreign bidders, except those falling under ITB Clause5.2 (b), may not participate in this Project.

5.4	The Bidder must have completed, within the period specified in the Invitation to Bid and **ITB** Clause 12.1 (a) (iii), a single contract that is similar to this Project, equivalent to at least fifty percent (50%) of the approved budget for the contract corresponding to the 1st year of the Contract to be bid, in the amount of **One Hundred Seventy Five Million Pesos only (PhP175,000,000.00).** **OR** An aggregated completed similar contracts, all aggregated contracts ***must be highlighted*** in the list and meet the requirements pursuant to Section 23.5.1.3, Revised IRR R.A. 9184 which states: a. The prospective bidder should have completed at least two (2) similar contracts and the aggregate contract amounts should be equivalent to at least the fifty percent (50%) of the approved budget for the contract corresponding to the 1st year of the Contract to be bid, in the amount of **One Hundred Seventy Five Million Pesos only (₱ 175,000,000.00)**; and b. The largest of these similar contracts must be equivalent to at least half of the percentage of the ABC as required above. **Sample Only:** Single Largest Completed Similar Contract: ***PhP 350,000,000.00 x 50% = PhP 175,000,000.00*** **Note: One (1) contract must be highlighted in the list of completed contracts (Annex __)** **OR** **Aggregated Completed Similar Contract:** One (1) contract = (1/2 x 50% x ₱ 350,000,000.00) = **₱ 87,500,000.00** Several contracts = **87,500,000.00** TOTAL **₱ 175,000,000.00** ***Note: All aggregated contracts must be highlighted in the list of completed contracts (Annex B).*** For the Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System, a contract shall be considered "similar" to the contract to be bid if it involves ***providing security features for stamps, banknotes, identity documents or other securitized documents and developing a web-based ordering, distribution, and monitoring system.***

5.5	**Submission of NFCC or CLC:** The Bidder must provide a statement of its NFCC which shall be at least equal to the Approved Budget for the Contract (ABC) to be bid. The NFCC is calculated as follows: (NFCC = 100% of the ABC for the first year) NFCC = [(Current assets minus current liabilities) (K)] Minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract for this project." Where: K = 20 (for a contract duration of more than two years), **OR** The Bidder must provide Credit Line Certificate (CLC) which shall be at **least equal to ten percent (10%) of the ABC for the first year** to be bid in the amount of ***Thirty Five Million Pesos Only (PhP 35,000,000.00).*** If the CLC is issued by a foreign Universal or Commercial Bank, it shall be confirmed or authenticated by a Universal or Commercial Bank. **Note:** NFCC shall be based on the Audited Financial Statements stamped "received" by the BIR or authorized AABs, for the immediately preceding taxable year, showing, among others, the prospective Bidder's total current assets and liabilities.
6.1 and 6.2	The Bidder shall submit Omnibus Sworn Statement in the form prescribed in Section VIII. Bidding Forms. Note: a. Sworn/under oath statement/affidavit shall be executed by the duly authorized signatory, with the corresponding documentary stamps and latest notarization *b.* All notarization shall be made in accordance with the provisions of the 2004 Rules on Notarial Practice as prescribed by the Supreme Court of the Philippines.
7	Bidders must indicate the Country of Origin of the supplied materials, spare parts, tools, machines, equipment and goods. (Must be supported by documentary evidence) Provided that, in the case of a Bidder offering to supply goods under the contract which the Bidder did not manufacture or otherwise produce, the Bidder has been duly authorized by the goods' Manufacturer or Producer to supply the goods; Provided further that, in the case of a Bidder not doing business within Philippines, the Bidder is or will be (if awarded the contract) represented by an agent in the Philippines equipped, and able to carry out the Bidder's maintenance, repair, and spare parts-stocking obligations prescribed in the Conditions of Contract and/or Technical Specifications.

8.1	The bidder shall neither assign, transfer, pledge nor subcontract any part or interest of the project.
8.2	Not applicable.
9.1	**APO** will hold a pre-bid conference for this Project on **August 6, 2013** at 9:00 AM at Celebrity Sports Plaza Hall A and B Capitol Drive, Quezon City.
10.1	**APO**'s address is: **APO Production Unit, Inc.,** **NEDA Complex Gov't Center, EDSA, Diliman, Quezon City.** c/o Ms. Fe B. Dimayuga BAC Secretariat APO Production Unit, Inc. NEDA Complex, EDSA, Diliman, Quezon City Tel. Nos. (02) 433-0732 to 35 local 128 Telefax No. (02) 433-5016 Website Address: **www.apo.gov.ph**
11	In case of foreign bidder, all eligibility requirements or statements, or appropriate equivalent documents if any must be consularized by the Philippine Embassy or Consulate, in the country where such eligibility requirements or statements, or appropriate equivalent documents if any were issued.
12.1(a)(i)	For Filipino citizen/ single proprietorship – Registration of Business name with the Bureau of Domestic Trade (BDT) of the Department of Trade and Industry (DTI) For Corporations/Partnership – Certificate of Registration issued by the Securities and Exchange Commission (SEC) (Filipino ownership or interest must be 60%) For Cooperatives – Certificate of Registration issued by the Cooperatives Development Authority (CDA), and Articles of Cooperation

12.1 (a) (iii)	Sworn statement of all its ongoing (Annex A) and completed (Annex B) government and private contracts for the last **five (5)** years from date of opening and submission of bids, including contracts awarded but not yet started, if any. The statement shall include, for each contract, the following: *(Section 24.1a.iii, Revised IRR of RA No. 9184)* (i) Name of contract; (ii) Date of the Contract and Contract Duration (Start and End Date); (iii) Kinds of goods sold/services rendered; (iv) Amount of Contract and value of outstanding contracts; (v) Date of Delivery (vi) Date of end user's acceptance, or official receipt(s) issued for the contract, if completed; and (vii) Similar or not similar in nature in complexity to the contract to be bid (Sec. 23.1.a.iii, Revised IRR of RA No. 9184)
	Note: a. Sworn/under oath statement/affidavit shall be executed by the duly authorized signatory, with the corresponding documentary stamps and latest notarization b. All notarization shall be made in accordance with the provisions of the 2004 Rules on Notarial Practice as prescribed by the Supreme Court of the Philippines. ***c.*** SINGLE LARGEST COMPLETED SIMILAR CONTRACT must be highlighted in the list (Section 23.5.1.3 of the Revised IRR of RA No. 9184)
12.1 (a)(iv)	The prospective Bidder's Audited financial statements, stamped "received" by the Bureau of Internal Revenue (BIR) or its duly accredited and authorized institutions, for the immediately preceding taxable year, which should not be earlier than two (2) years from the date of bid submission;

12.1 (b)(ii)	Bidder's submission of **Section VI: Schedule of Requirements** and **Section VII: Technical Specifications** properly filled-up and signed by the duly authorized signatory and brochure of product being offered; **Bidder's Additional Requirements:** ➢ ISO 9000 Certification or if no ISO certification is being issued in the country of origin, any equivalent certification recognized internationally as of date of bidding ➢ Sworn Affidavit that its Board of Directors and Officers are not related to any members of the Board of Directors and Officers of the manufacturers of cigarettes by consanguinity or affinity up to the fourth civil degree and has no business relationship with or financial interest in any Cigarette Manufacturer or any of their affiliated banks or financial institutions. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid. ➢ List of completed projects/contracts for the past immediately preceding ten (10) years counted from the date of submission and opening of bids, in providing security features for stamps, banknotes, identity documents and other securitized documents ➢ List of completed projects/contracts for the past immediately preceding 5 years counted from the date of submission and opening of bids, in developing a web-based ordering, distribution and monitoring system
13.1	"No additional requirements."
13.2	The ABC for the Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System (IRSIS) is **One Billion Seven Hundred Fifty Million Pesos (PhP 1,750,000,000.00)** for the five-year Project. Any bid with a financial component exceeding this amount shall not be accepted.
15.2	The Bidder shall fill in rates and prices for all items of the Goods described in the Bill of Quantities. Bids not addressing or providing all of the required items in the Bidding Documents including, where applicable, Bill of Quantities, shall be considered non-responsive and, thus, automatically disqualified. In this regard, where a required item is provided, but no price is indicated, the same shall be considered as non-responsive, but specifying a "0" (zero) for the said item would mean that it is being offered for free to the Government.

15.4 (a) (iii)	**Incidental Services –** The CONTRACTOR is required to provide all of the following services, including additional services, if any, specified in Section VI, Schedule of Requirements and Section VII, Technical Specifications, whichever is applicable: (a) performance or supervision of on-site assembly and/or start-up of the supplied GOODS; (b) furnishing of tools required for assembly and/or maintenance of the supplied GOODS; (c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied GOODS; (d) performance or supervision or maintenance and/or repair of the supplied GOODS, for a period of time agreed by the parties, provided that this service shall not relieve the Contractor of any warranty obligations under this Contract; and (e) training of the APO's personnel, at the Contractor's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied GOODS. The contract price for the ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS),*** shall not exceed the prevailing rates charged to other parties by the Contractor for similar services. **Patent Rights –** The Contractor shall indemnify the against all third party claims of infringement of patent, trademark, or industrial design rights arising from use of the GOODS or any part thereof.
15.5	Bid Prices shall be fixed. Adjustable price proposals shall be treated as non-responsive and shall be rejected.
16.1 (b)	The Bid prices for Goods supplied from outside of the Philippines shall be quoted in Philippine Pesos.
16.3	"Payment shall be made in *Philippine Peso."*
17.1	Bids will be valid for one hundred twenty (120) calendar days from the date of Opening Of Bids.

<table>
<tr>
<td>18.1</td>
<td>The bid security shall be in the following amount:
<table>
<tr><th>Form of Security</th><th>Minimum Amount in % of the Approved Budget for the Contact (ABC) corresponding to the 1st year of the Contract to be Bid (PhP 350,000,000.00)</th></tr>
<tr><td>1. Cash or cashier’s/manager’s check, issued by a Universal or Commercial Bank.</td><td rowspan="2">Two percent (2%)

₱ 7,000,000.00</td></tr>
<tr><td>2. Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank</td></tr>
<tr><td>3. Surety Bond <u>callable upon demand</u> issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security</td><td>Five percent (5%)

₱ 17,500,000.00</td></tr>
<tr><td>4. Any combination of the foregoing.</td><td>Proportionate to share of form with respect to total amount of security.</td></tr>
</table>
OR

In lieu of a bid security mentioned above, the bidder may submit a Bid Securing Declaration that is an undertaking which states, among others, that the bidder shall enter into contract with the APO and furnish the required performance security within ten (10) calendar days, or less, as indicated in the Bidding Documents, from receipt of the Notice of Award, and committing to pay the corresponding fine and be suspended for a period of time from being qualified to participate in any government procurement activity in the event it violates any of the conditions stated therein as required in the guidelines issued by the GPPB.

In no case shall bid security or Bid Securing Declaration be returned later than the expiration of the bid validity period indicated in the Bidding Documents, unless it has been extended in accordance with Section 1.28.2 of the IRR.

The Bid Securing Declaration Form is in Section VIII. Bidding Forms</td>
</tr>
<tr>
<td>18.2</td>
<td>The bid security shall be valid for 120 calendar days from date of opening of bids.</td>
</tr>
</table>

18.5(a)(iv)	Additional grounds for forfeiture of bid security: 1. Submission of eligibility requirements containing false information or falsified documents. 2. Submission of bids that contain false information or falsified documents, or the concealment of such information in the bids in order to influence the outcome of eligibility screening or any other stage of the public bidding. 3. Allowing the use of one's name, or using the name of another for purposes of public bidding. 4. Withdrawal of a bid, or refusal to accept an award, or enter into contract with the Government without justifiable cause, after the Bidder had been adjudged as having submitted the Lowest Calculated and Responsive Bid. 5. Refusal or failure to post the required performance security within the prescribed time. 6. Refusal to clarify or validate in writing its bid during post-qualification within a period of seven (7) calendar days from receipt of the request for clarification. 7. Any documented unsolicited attempt by a bidder to unduly influence the outcome of the bidding in his favor. 8. Failure of the potential joint venture partners to enter into the joint venture after the bid is declared as successful. 9. All other acts that tend to defeat the purpose of the competitive bidding, such as habitually withdrawing from bidding, submitting late Bids or patently insufficient bid, for at least three (3) times within a year, except for valid reasons.
20.1	Mark the first, second and third copies as: "ORIGINAL –TECHNICAL COMPONENT" "ORIGINAL – FINANCIAL COMPONENT" "DUPLICATE – TECHNICAL COMPONENT" "DUPLICATE – FINANCIAL COMPONENT" "TRIPLICATE – TECHNICAL COMPONENT" "TRIPLICATE – FINANCIAL COMPONENT"

20.3	Each Bidder shall submit ***one (1) original*** *and* ***two (2) copies*** of the first and second components of its bid, including attachments thereto such as brochures, shall be initialed by the persons signing the Bid. The envelopes should be signed and sealed. Technical Component – original, duplicate, triplicate Financial Component – original, duplicate, triplicate Each copy shall be submitted in a separate ***sealed and signed*** envelope, ring bound or properly fastened and arranged in order listed in the checklists for envelopes 1 and 2.
20.4	***MARK THE ORIGINAL TECHNICAL COMPONENT AS:*** **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **ORIGINAL –TECHNICAL COMPONENT** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**

	MARK THE ORIGINAL FINANCIAL COMPONENT AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **ORIGINAL-FINANCIAL COMPONENT** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**
	PUT ALL <u>ORIGINALS</u> IN ONE ENVELOPE AND MARK THE OUTER ENVELOPE AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **ORIGINAL BID** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**

	MARK THE DUPLICATE TECHNICAL COMPONENT AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **DUPLICATE – TECHNICAL COMPONENT** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**
	MARK THE DUPLICATE FINANCIAL COMPONENT AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **DUPLICATE – FINANCIAL COMPONENT** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**

	PUT ALL <u>DUPLICATES</u> IN ONE ENVELOPE AND MARK THE OUTER ENVELOPE AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **DUPLICATES** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**
	MARK THE TRIPLICATE TECHNICAL COMPONENT AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **TRIPLICATE – TECHNICAL COMPONENT** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**

	MARK THE TRIPLICATE FINANCIAL COMPONENT AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **TRIPLICATE-FINANCIAL COMPONENT** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**
	PUT ALL <u>TRIPLICATES</u> IN ONE ENVELOPE AND MARK THE OUTER ENVELOPE AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **TRIPLICATES** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>**

	PUT ALL <u>THREE (3) ENVELOPES</u> IN ONE ENVELOPE AND MARK THE OUTER ENVELOPE AS: **BIDS AND AWARDS COMMITTEE** **APO Production Unit, Inc.** **NEDA Complex, Gov't Center** **EDSA, Diliman, Quezon City** **COMPANY NAME** **ADDRESS** **ORIGINALS, DUPLICATES & TRIPLICATES** **For** ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRAGRATED SYSTEM (IRSIS)*** **PUBLIC BIDDING NO. PB -008-13** **DO NOT OPEN BEFORE 22 August 2013** **<date of bidding>** **<u>NOTE: Total envelopes to be used is TEN (10)</u>**
21	The address for submission of bids is *:* BEFORE THE OPENING OF BIDS - APO Production Unit Inc.,NEDA Complex, Government Center, EDSA, Diliman, Quezon City DURING THE OPENING OF BIDS- CELEBRITY SPORTS PLAZA , Hall A and B, Capitol Drive, Quezon City _____ _____ The deadline for submission of bids is ***August 22, 2013*** at exactly **9:00 am.**
24.1	The place of bid opening is *:* Celebrity Sports Plaza Hall A and B, Capitol Drive, Quezon City The date and time of bid opening is ***August 22, 2013*** at exactly **9:00 am.**
25.1	No further instructions.
27.1	No further instructions.
28.3	Grouping and Evaluation of Lots The goods are grouped in a single lot and the lot shall not be divided into sub-lots for the purpose of bidding, evaluation, and contract award.

28.3(b)	Bid modification is not allowed.
28.4	No further instructions.
29.2	Within a non-extendible period of three (3) calendar days from receipt by the bidder of the notice from the BAC that it is the Lowest Calculated Bid, the Bidder shall submit one (1) original and two (2) copies of the following documentary requirements: a. Tax clearance issued by BIR National Office, Diliman, Quezon City, attesting that the taxpayer has no outstanding Final Assessment Notice and/or delinquent account. **(as provided for under E.O. 398 or RR No. 3-2005)** NOTE: with corresponding documentary stamp. b. Latest Annual Income Tax and Business Tax Returns (VAT or Percentage Tax) duly filed thru Electronic Filing and Payment System (eFPS) of the BIR and duly validated confirmation evidencing the tax payments made. (Filing Reference Number) *Latest Annual Income Tax Return (ITR) shall refer to the ITR for the preceding Tax Year be it on calendar or fiscal year. For new establishments which, therefore, have no annual ITR yet, it shall refer to the most recent quarter's ITR.* *Latest Business Tax Return refers to Value Added Tax (VAT), and/or Percentage Tax Returns, whichever is applicable, covering six (6) months immediately prior to the submission of the Bid Proposal. Bidders filing both the VAT and Percentage Tax Returns must submit both returns.* **(as provided for under E.O. 398 or RR 3-2005)** c. Certificate of Philippine Government Electronic Procurement System (PhilGEPS) Registration; and Failure of the Bidder declared as Lowest Calculated Bid to duly submit the requirements under ITB Clause 29.2 or a finding against the veracity of such shall be ground for forfeiture of the bid security and disqualify the Bidder for award.

<table>
<tr><td>31.4</td><td>APO has the right at the time of contract award to increase or decrease the quantity of stamps originally assumed in the BDS without any change in the unit price or other terms and conditions.</td></tr>
<tr><td>33</td><td>The performance security shall be denominated in Philippine Pesos and posted in favor of APO in an amount equal to the percentage of the total contract price in accordance with the following schedule which shall be posted yearly:
<table>
<tr><th>Form of Performance Security</th><th>Amount of Performance Security

(Equal to Percentage of the Contract Price for the 1st year)</th></tr>
<tr><td>(a) Cash or cashier’s/manager’s check issued by a Universal or Commercial Bank.</td><td rowspan="2">Five percent (5%)</td></tr>
<tr><td>(b) Bank draft/guarantee or irrevocable letter of credit issued by a Universal or Commercial Bank: Provided, however, that it shall be confirmed or authenticated by a Universal or Commercial Bank, if issued by a foreign bank.</td></tr>
<tr><td>(c) Surety bond callable upon demand issued by a surety or insurance company duly certified by the Insurance Commission as authorized to issue such security; and/or</td><td>Thirty percent (30%)</td></tr>
<tr><td>(d) Any combination of the foregoing.</td><td>Proportionate to share of form with respect to total amount of security</td></tr>
</table></td></tr>
</table>

34.2	The contract for the **PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)**(the "*Contract*")shall be for a period of **five (5) years from the receipt by the CONTRACTOR of a Notice to Proceed ("*NTP*").**

Section IV. General Conditions of Contract

TABLE OF CONTENT

1. DEFINITION 61
2. Corrupt, Fraudulent, Collusive, and Coercive Practices..... 62
3. Inspection and Audited by the Funding 63
4. Governing Law and Language..... 63
5. Notices 63
6. Scope of Contract 64
7. Subcontracting 64
8. APO's Responsibilities 64
9. Prices 64
10. Payment 65
11. Advance Payment and Terms of Payment 65
12. Taxes and Duties 66
13. Performance Security 66
14. Use of Contract Documents and Information 67
15. Standards 67
16. Inspection and Tests 67
17. Warranty 68
18. Delays in the Supplier's Performance 69
19. Liquidated Damages 70
20. Settlement of Disputes 70
21. Liability of the Supplier 71
22. Force Majeure 71
23. Termination for Default 71
24. Termination for Insolvency 72
25. Termination for Convenience 72
26. Termination for Unlawful Acts 73
27. Procedures for Termination of Contracts 73
28. Assignment of Rights 75
29. Contract Amendment 75
30. Application 75

1. Definitions

1.1. In this Contract, the following terms shall be interpreted as indicated:

(a) "The Contract" means the agreement entered into between **APO** and the Supplier, as recorded in the Contract Form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

(b) "The Contract Price" means the price payable to the Supplier under the Contract for the full and proper performance of its contractual obligations.

(c) "The Goods" means all of the supplies, equipment, machinery, spare parts, other materials and/or general support services which the Supplier is required to provide to **APO** under the Contract.

(d) "The Services" means those services ancillary to the supply of the Goods, such as transportation and insurance, and any other incidental services, such as installation, commissioning, provision of technical assistance, training, and other such obligations of the Supplier covered under the Contract.

(e) "GCC" means the General Conditions of Contract contained in this Section.

(f) "SCC" means the Special Conditions of Contract.

(g) "**APO**" means the organization purchasing the Goods, as named in the **SCC**.

(h) "The APO's country" is the Philippines.

(i) "The Supplier" means the individual contractor, manufacturer distributor, or firm supplying/manufacturing the Goods and Services under this Contract and named in the **SCC**.

(j) The "Funding Source" means the organization named in the **SCC**.

(k) "The Project Site," where applicable, means the place or places named in the **SCC**.

(l) "Day" means calendar day.

(m) The "Effective Date" of the contract will be the date of receipt by the Supplier of the Notice to Proceed or the date provided in the Notice to Proceed. Performance of all obligations shall be reckoned from the Effective Date of the Contract.

(n) "Verified Report" refers to the report submitted by the Implementing Unit

to the Head of **APO** setting forth its findings as to the existence of grounds or causes for termination and explicitly stating its recommendation for the issuance of a Notice to Terminate.

2. Corrupt, Fraudulent, Collusive, and Coercive Practices

2.1.1. Unless otherwise provided in the **SCC**, the APO as well as the bidders, contractors, or suppliers shall observe the highest standard of ethics during the procurement and execution of this Contract. In pursuance of this policy, APO:

(a) defines, for the purposes of this provision, the terms set forth below as follows:

(i) "corrupt practice" means behavior on the part of officials in the public or private sectors by which they improperly and unlawfully enrich themselves, others, or induce others to do so, by misusing the position in which they are placed, and it includes the offering, giving, receiving, or soliciting of anything of value to influence the action of any such official in the procurement process or in contract execution; entering, on behalf of the Government, into any contract or transaction manifestly and grossly disadvantageous to the same, whether or not the public officer profited or will profit thereby, and similar acts as provided in Republic Act 3019.

(ii) "fraudulent practice" means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of **APO**, and includes collusive practices among Bidders (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive **APO** of the benefits of free and open competition.

(iii) “collusive practices” means a scheme or arrangement between two or more Bidders, with or without the knowledge of **APO**, designed to establish bid prices at artificial, non-competitive levels.

(iv) “coercive practices” means harming or threatening to harm, directly or indirectly, persons, or their property to influence their participation in a procurement process, or affect the execution of a contract;

(v) “obstructive practice” is

(aa) deliberately destroying, falsifying, altering or concealing of evidence material to an administrative proceedings or investigation or making false statements to investigators in

order to materially impede an administrative proceedings or investigation of **APO** or any foreign government/foreign or international financing institution into allegations of a corrupt, fraudulent, coercive or collusive practice; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the administrative proceedings or investigation or from pursuing such proceedings or investigation; or

(bb) acts intended to materially impede the exercise of the inspection and audit rights of **APO** or any foreign government/foreign or international financing institution herein.

(b) will reject a proposal for award if it determines that the Bidder recommended for award has engaged in any of the practices mentioned in this Clause for purposes of competing for the contract.

2.2 Further the Funding Source, Borrower or **APO**, as appropriate, will seek to impose the maximum civil, administrative and/or criminal penalties available under the applicable law on individuals and organizations deemed to be involved with any of the practices mentioned in **GCC** Clause 2.1(a).

3. Inspection and Audit by the Funding Source

The Supplier shall permit the Funding Source to inspect the Supplier's accounts and records relating to the performance of the Supplier and to have them audited by auditors appointed by the Funding Source, if so required by the Funding Source.

4. Governing Law and Language

4.1 This Contract shall be interpreted in accordance with the laws of the Republic of the Philippines.

4.2 This Contract has been executed in the English language, which shall be the binding and controlling language for all matters relating to the meaning or interpretation of this Contract. All correspondence and other documents pertaining to this Contract exchanged by the parties shall be written in English.

5. Notices

5.1 Any notice, request, or consent required or permitted to be given or made pursuant to this Contract shall be in writing. Any such notice, request, or consent shall be deemed to have been given or made when received by the

concerned party, either in person or through an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, telex, telegram, or facsimile to such Party at the address specified in the **SCC**, which shall be effective when delivered and duly received or on the notice's effective date, whichever is later.

5.2 A Party may change its address for notice hereunder by giving the other Party notice of such change pursuant to the provisions listed in the **SCC** for **GCC** Clause

6. Scope of Contract

6.1 The GOODS and Related Services to be provided shall be as specified in Section VI. Schedule of Requirements.

6.2 This Contract shall include all such items, although not specifically mentioned, that can be reasonably inferred as being required for its completion as if such items were expressly mentioned herein. Any additional requirements for the completion of this Contract shall be provided in the **SCC**.

7. Subcontracting

7.1 Subcontracting of any portion of the Goods, if allowed in the **BDS**, does not relieve the Supplier of any liability or obligation under this Contract. The Supplier will be responsible for the acts, defaults, and negligence of any subcontractor, its agents, servants or workmen as fully as if these were the Supplier's own acts, defaults, or negligence, or those of its agents, servants or workmen.

7.2 Subcontractors disclosed and identified during the bidding may be changed during the implementation of this Contract, subject to compliance with the required qualifications and the approval of **APO**.

8. APO's Responsibilities

8.1 Whenever the performance of the obligations in this Contract requires that the Supplier obtain permits, approvals, import, and other licenses from local public authorities, **APO** shall, if so needed by the Supplier, make its best effort to assist the Supplier in complying with such requirements in a timely and expeditious manner.

8.2 **APO** shall pay all costs involved in the performance of its responsibilities in accordance with **GCC** Clause 6.

9. Prices

9.1 For the given scope of work in this Contract as awarded, all bid prices are

considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and its IRR or except as provided in this Clause.

9.2 Prices charged by the Supplier for Goods delivered and/or services performed under this Contract shall not vary from the prices quoted by the Supplier in its bid, with the exception of any change in price resulting from a Change Order issued in accordance with **GCC** Clause 29, or if applicable, adjustments authorized in accordance with the price adjustment provisions specified in the **SCC** .

10. Payment

10.1. Payments shall be made only upon a certification by the Head of **APO** to the effect that the Goods have been rendered or delivered in accordance with the terms of this Contract and have been duly inspected and accepted**.** Except with the prior approval of the President no payment shall be made for services not yet rendered or for supplies and materials not yet delivered under this Contract. Ten percent (10%) of the amount of each payment shall be retained by **APO** to cover the Supplier's warranty obligations under this Contract as described in **GCC** Clause 17.

10.2. The Supplier's request(s) for payment shall be made to **APO** in writing, accompanied by an invoice describing, as appropriate, the Goods delivered and/or Services performed, and by documents submitted pursuant to the **SCC** provision for **GCC** Clause 6.2, and upon fulfillment of other obligations stipulated in this Contract.

10.3 Pursuant to **GCC** Clause 10.2, payments shall be made promptly by **APO**, but in no case later than sixty (60) days after submission of an invoice or claim by the Supplier.

10.4. Unless otherwise provided in the SCC, the currency in which payment is made to the Supplier under this Contract shall be in Philippine Pesos.

11. Advance Payment and Terms of Payment

11.1. Advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the Contract amount, unless otherwise directed by the President or in cases allowed under Annex "D" of RA 9184.

11.2. For Goods supplied from abroad, the terms of payment shall be as

follows:

(a) On Contract Signature: Ten percent (10%) of the Contract Price shall be paid within sixty (60) days from signing of the Contract and upon submission of a claim and a bank guarantee for the equivalent amount valid until the Goods are delivered and in the form provided in Section VIII. Bidding Forms.

(b) On Delivery: Seventy percent (70%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of receipt of the Goods and upon submission of the documents (i) through (vi) specified in the SCC provision on Delivery and Documents.

(c) On Acceptance: The remaining twenty percent (20%) of the Contract Price shall be paid to the Supplier within sixty (60) days after the date of submission of the acceptance and inspection certificate for the respective delivery issued by **APO's** authorized representative. In the event that no inspection or acceptance certificate is issued by **APO's** authorized representative within forty five (45) days of the date shown on the delivery receipt the Supplier shall have the right to claim payment of the remaining twenty percent (20%) subject to **APO's** own verification of the reason(s) for the failure to issue documents (vii) and (viii) as described in the SCC provision on Delivery and Documents.

11.3. All progress payments shall first be charged against the advance payment until the latter has been fully exhausted.

12. Taxes and Duties

The Supplier, whether local or foreign, shall be entirely responsible for all the necessary taxes, stamp duties, license fees, and other such levies imposed for the completion of this Contract.

13. Performance Security

13.1. Unless otherwise specified in the **SCC**, within ten (10) calendar days from receipt of the Notice of Award from **APO** but in no case later than the signing of the contract by both parties, the successful Bidder shall furnish the performance security in any the forms prescribed in the **ITB** Clause 33.2.

13.2. The performance security posted in favor of **APO** shall be forfeited in the event it is established that the winning bidder is in default in any of

its obligations under the contract.

13.3. The performance security shall remain valid until issuance by **APO** of the Certificate of Final Acceptance.

13.4. The performance security may be released by **APO** and returned to the Supplier after the issuance of the Certificate of Final Acceptance subject to the following conditions:

(a) There are no pending claims against the Supplier or the surety company filed by **APO**;

(b) The Supplier has no pending claims for labor and materials filed against it; and

(c) Other terms specified in the **SCC**.

13.5. In case of a reduction of the contract value, **APO** shall allow a proportional reduction in the original performance security, provided that any such reduction is more than ten percent (10%) and that the aggregate of such reductions is not more than fifty percent (50%) of the original performance security.

14. Use of Contract Documents and Information

14.1. The Supplier shall not, except for purposes of performing the obligations in this Contract, without **APO's** prior written consent, disclose this Contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of **APO**. Any such disclosure shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.

14.2 Any document, other than this Contract itself, enumerated in **GCC** Clause 14.1 shall remain the property of **APO** and shall be returned (all copies) to **APO** on completion of the Supplier's performance under this Contract if so required by **APO**.

15. Standards

The Goods provided under this Contract shall conform to the standards mentioned in the Section VII. Technical Specifications; and, when no applicable standard is mentioned, to the authoritative standards appropriate to the Goods' country of origin. Such standards shall be the latest issued by the institution concerned.

16. Inspection and Tests

16.1. **APO** or its representative shall have the right to inspect and/or to test the Goods to confirm their conformity to the Contract specifications at no extra cost to **APO**. The **SCC** and Section VII. Technical Specifications shall specify what inspections and/or tests **APO** requires and where they are to be conducted. **APO** shall notify the Supplier in writing, in a timely manner, of the identity of any representatives retained for these purposes.

16.2. If applicable, the inspections and tests may be conducted on the premises of the Supplier or its subcontractor(s), at point of delivery, and/or at the goods' final destination. If conducted on the premises of the Supplier or its subcontractor(s), all reasonable facilities and assistance, including access to drawings and production data, shall be furnished to the inspectors at no charge to **APO**. The Supplier shall provide **APO** with results of such inspections and tests.

16.3. **APO** or its designated representative shall be entitled to attend the tests and/or inspections referred to in this Clause provided that **APO** shall bear all of its own costs and expenses incurred in connection with such attendance including, but not limited to, all traveling and board and lodging expenses.

16.4. **APO** may reject any Goods or any part thereof that fail to pass any test and/or inspection or do not conform to the specifications. The Supplier shall either rectify or replace such rejected Goods or parts thereof or make alterations necessary to meet the specifications at no cost to **APO**, and shall repeat the test and/or inspection, at no cost to **APO**, upon giving a notice pursuant to **GCC** Clause 5.

16.5. The Supplier agrees that neither the execution of a test and/or inspection of the Goods or any part thereof, nor the attendance by **APO** or its representative, shall release the Supplier from any warranties or other obligations under this Contract.

17. Warranty

17.1 The Supplier warrants that the Goods supplied under the Contract are new, unused, of the most recent or current models, and that they incorporate all recent improvements in design and materials, except when the technical specifications required by **APO** provides otherwise.

17.2. The Supplier further warrants that all Goods supplied under this Contract shall have no defect, arising from design, materials, or workmanship or from any act or omission of the Supplier that may develop under normal use of the supplied Goods in the conditions

prevailing in the country of final destination.

17.3. In order to assure that manufacturing defects shall be corrected by the Supplier, a warranty shall be required from the Supplier for a minimum period specified in the **SCC**. The obligation for the warranty shall be covered by, at the Supplier's option, either retention money in an amount equivalent to at least ten percent (10%) of the final payment, or a special bank guarantee equivalent to at least ten percent (10%) of the Contract Price or other such amount if so specified in the **SCC**. The said amounts shall only be released after the lapse of the warranty period specified in the **SCC**; provided, however, that the Supplies delivered are free from patent and latent defects and all the conditions imposed under this Contract have been fully met.

17.4. **APO** shall promptly notify the Supplier in writing of any claims arising under this warranty. Upon receipt of such notice, the Supplier shall, within the period specified in the **SCC** and with all reasonable speed, repair or replace the defective Goods or parts thereof, without cost to **APO**.

17.5. If the Supplier, having been notified, fails to remedy the defect(s) within the period specified in **GCC** Clause17.4, **APO** may proceed to take such remedial action as may be necessary, at the Supplier's risk and expense and without prejudice to any other rights which **APO** may have against the Supplier under the Contract and under the applicable law.

18. Delays in the Supplier's Performance

18.1. Delivery of the Goods and/or performance of Services shall be made by the Supplier in accordance with the time schedule prescribed by **APO** in Section VI. Schedule of Requirements.

18.2. If at any time during the performance of this Contract, the Supplier or its Subcontractor(s) should encounter conditions impeding timely delivery of the Goods and/or performance of Services, the Supplier shall promptly notify **APO** in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the Supplier's notice, and upon causes provided for under **GCC** Clause 22, **APO** shall evaluate the situation and may extend the Supplier's time for performance, in which case the extension shall be ratified by the parties by amendment of Contract.

18.3. Except as provided under **GCC** Clause 22, a delay by the Supplier in the performance of its obligations shall render the Supplier liable to the imposition of liquidated damages pursuant to **GCC** Clause 19, unless

an extension of time is agreed upon pursuant to **GCC** Clause 29 without the application of liquidated damages.

19. Liquidated Damages

Subject to **GCC** Clauses 18 and 22, if the Supplier fails to satisfactorily deliver any or all of the Goods and/or to perform the Services within the period(s) specified in this Contract inclusive of duly granted time extensions if any, **APO** shall, without prejudice to its other remedies under this Contract and under the applicable law, deduct from the Contract Price, as liquidated damages, the applicable rate of one tenth (1/10) of one (1) percent of the cost of the unperformed portion for every day of delay until actual delivery or performance, unless otherwise provided in the **SCC**. The maximum deduction shall be ten percent (10%) of the amount of contract. Once the maximum is reached, **APO** shall rescind the Contract pursuant to **GCC** Clause 23, without prejudice to other courses of action and remedies open to it.

20. Settlement of Disputes

20.1. If any dispute or difference of any kind whatsoever shall arise between **APO** and the Supplier in connection with or arising out of this Contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

20.2. If after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either **APO** or the Supplier may give notice to the other party of its intention to commence arbitration, as hereinafter provided, as to the matter in dispute, and no arbitration in respect of this matter may be commenced unless such notice is given.

20.3. Any dispute or difference in respect of which a notice of intention to commence arbitration has been given in accordance with this Clause shall be settled by arbitration. Arbitration may be commenced prior to or after delivery of the Goods under this Contract.

20.4. In the case of a dispute between **APO** and the Supplier, the dispute shall be resolved in accordance with Republic Act 9285 (“R.A. 9285”), otherwise known as the “Alternative Dispute Resolution Act of 2004.”

20.5. Notwithstanding any reference to arbitration herein, the parties shall continue to perform their respective obligations under the Contract unless they otherwise agree; and **APO** shall pay the Supplier any monies due the Supplier.

21. Liability of the Supplier

21.1 The Supplier's liability under this Contract shall be as provided by the laws of the Republic of the Philippines, subject to additional provisions, if any, set forth in the **SCC**.

21.2. Except in cases of criminal negligence or willful misconduct, and in the case of infringement of patent rights, if applicable, the aggregate liability of the Supplier to **APO** shall not exceed the total Contract Price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

22. Force Majeure

22.1. The Supplier shall not be liable for forfeiture of its performance security, liquidated damages, or termination for default if and to the extent that the Supplier's delay in performance or other failure to perform its obligations under the Contract is the result of a *force majeure*.

22.2. For purposes of this Contract the terms "*force majeure*" and "fortuitous event" may be used interchangeably. In this regard, a fortuitous event or *force majeure* shall be interpreted to mean an event which the Contractor could not have foreseen, or which though foreseen, was inevitable. It shall not include ordinary unfavorable weather conditions; and any other cause the effects of which could have been avoided with the exercise of reasonable diligence by the Contractor. Such events may include, but not limited to, acts of **APO** in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions, and freight embargoes.

22.3. If a *force majeure* situation arises, the Supplier shall promptly notify **APO** in writing of such condition and the cause thereof. Unless otherwise directed by **APO** in writing, the Supplier shall continue to perform its obligations under the Contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the *force majeure*.

23. Termination for Default

23.1. **APO** shall terminate this Contract for default when any of the following conditions attends its implementation:

(a) Outside of *force majeure*, the Supplier fails to deliver or perform any or all of the Goods within the period(s) specified in the contract, or within any extension thereof granted by **APO** pursuant to a request made by

the Supplier prior to the delay, and such failure amounts to at least ten percent (10%) of the contact price;

(b) As a result of *force majeure*, the Supplier is unable to deliver or perform any or all of the Goods, amounting to at least ten percent (10%) of the contract price, for a period of not less than sixty (60) calendar days after receipt of the notice from **APO** stating that the circumstance of force majeure is deemed to have ceased; or

(c) The Supplier fails to perform any other obligation under the Contract.

23.2. In the event **APO** terminates this Contract in whole or in part, for any of the reasons provided under **GCC** Clauses 23 to 26, **APO** may procure, upon such terms and in such manner as it deems appropriate, Goods or Services similar to those undelivered, and the Supplier shall be liable to **APO** for any excess costs for such similar Goods or Services. However, the Supplier shall continue performance of this Contract to the extent not terminated.

23.3. In case the delay in the delivery of the Goods and/or performance of the Services exceeds a time duration equivalent to ten percent (10%) of the specified contract time plus any time extension duly granted to the Supplier, **APO** may terminate this Contract, forfeit the Supplier's performance security and award the same to a qualified Supplier.

24. Termination for Insolvency

APO shall terminate this Contract if the Supplier is declared bankrupt or insolvent as determined with finality by a court of competent jurisdiction. In this event, termination will be without compensation to the Supplier, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to **APO** and/or the Supplier.

25. Termination for Convenience

25.1. **APO** may terminate this Contract, in whole or in part, at any time for its convenience. The Head of **APO** may terminate a contract for the convenience of the Government if he has determined the existence of conditions that make Project Implementation economically, financially or technically impractical and/or unnecessary, such as, but not limited to, fortuitous event(s) or changes in law and national government policies.

25.2. The Goods that have been delivered and/or performed or are ready for delivery or performance within thirty (30) calendar days after the Supplier’s receipt of Notice to Terminate shall be accepted by **APO** at

the contract terms and prices. For Goods not yet performed and/or ready for delivery, **APO** may elect;

(a) To have any portion delivered and/or performed and paid at the contract terms and prices; and/or

(b) To cancel the remainder and pay to the Supplier an agreed amount for partially completed and/or performed goods and for materials and parts previously procured by the Supplier.

25.3. If the Supplier suffers loss in its initial performance of the terminated contract, such as purchase of raw materials for goods specially manufactured for **APO** which cannot be sold in open market, it shall be allowed to recover partially from this Contract, on a *quantum meruit* basis. Before recovery may be made, the fact of loss must be established under oath by the Supplier to the satisfaction of **APO** before recovery may be made.

26. Termination for Unlawful Acts

26.1. **APO** may terminate this Contract in case it is determined *prima facie* that the Supplier has engaged, before or during the implementation of this Contract, in unlawful deeds and behaviors relative to contract acquisition and implementation. Unlawful acts include, but are not limited to, the following:

(a) Corrupt, fraudulent, and coercive practices as defined in **ITB** Clause 3.1 (a);

(b) Drawing up or using forged documents;

(c) Using adulterated materials, means or methods, or engaging in production contrary to rules of science or the trade; and

(d) Any other act analogous to the foregoing.

27. Procedures for Termination of Contracts

27.1. The following provisions shall govern the procedures for termination of this Contract:

(a) Upon receipt of a written report of acts or causes which may constitute ground(s) for termination as aforementioned, or upon its own initiative, the Implementing Unit shall, within a period of seven (7) calendar days, verify the existence of such ground(s) and cause the execution of a Verified Report, with all relevant evidence attached;

(b) Upon recommendation by the Implementing Unit, the Head of **APO** shall terminate this Contract only by a written notice to the Supplier conveying the termination of this Contract. The notice shall state:

(i) That this Contract is being terminated for any of the ground(s) afore-mentioned, and a statement of the acts that constitute the ground(s) constituting the same;

(ii) The extent of termination, whether in whole or in part;

(iii) an instruction to the Supplier to show cause as to why this Contract should not be terminated; and

(iv) special instructions of **APO**, if any.

(c) The Notice to Terminate shall be accompanied by a copy of the Verified Report;

(d) Within a period of seven (7) calendar days from receipt of the Notice of Termination, the Supplier shall submit to the Head of **APO** a verified position paper stating why this Contract should not be terminated. If the Supplier fails to show cause after the lapse of the seven (7) day period, either by inaction or by default, the Head of **APO** shall issue an order terminating this Contract;

(e) **APO** may, at any time before receipt of the Supplier's verified position paper described in item (d) above withdraw the Notice to Terminate if it is determined that certain items or works subject of the notice had been completed, delivered, or performed before the Supplier's receipt of the notice;

(f) Within a non-extendible period of ten (10) calendar days from receipt of the verified position paper, the Head of **APO** shall decide whether or not to terminate this Contract. It shall serve a written notice to the Supplier of its decision and, unless otherwise provided, this Contract is deemed terminated from receipt of the Supplier of the notice of decision. The termination shall only be based on the ground(s) stated in the Notice to Terminate;

(g) The Head of the Procuring Entity may create a Contract Termination Review Committee (CTRC) to assist him in the discharge of this function. All decisions recommended by the CTRC shall be subject to the approval of the Head of **APO**; and

(h) The Supplier must serve a written notice to **APO** of its intention to terminate the contract at least thirty (30) calendar days before its

intended termination. The Contract is deemed terminated if it is not resumed in thirty (30) calendar days after the receipt of such notice by **APO**.

28. Assignment of Rights

The Supplier shall not assign his rights or obligations under this Contract, in whole or in part, except with **APO's** prior written consent.

29. Contract Amendment

Subject to applicable laws, no variation in or modification of the terms of this Contract shall be made except by written amendment signed by the parties.

30. Application

These General Conditions shall apply to the extent that they are not superseded by provisions of other parts of this Contract.

Section V. Special Conditions of Contract

Special Conditions of Contract

GCC Clause	
1.1 (g)	The *APO Production Unit, Inc.*
1.1 (i)	The Supplier is (to be inserted at the time of contract award).
1.1 (j)	The Funding Source is The Corporate Fund and 2013 Annual Procurement Plan through approved by the Board in the amount of *One Billion Seven Hundred Fifty Million Pesos (PhP 1,750,000,000.00) for five (5) years inclusive of VAT and other applicable taxes.* The name of the Project is: **Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System**.
1.1 (k)	The PROJECT SITE is located at APO Production Unit Inc. Lima Plant LIMA Technology Industrial Park, Malvar, Batangas
5.1	The APO's address for Notices is: Ms. Fe B. Dimayuga *BAC Secretariat* APO APO Production Unit, Inc. NEDA Complex Gov't Center, EDSA, Diliman, Quezon City Philippines 1100 Tel. Nos. (02) 433-0732 to 35 local 128 Telefax No. (02) 433-5016 Website Address: www.gov.ph The Supplier's address for Notices shall be determined upon award
6.2	**Delivery and Documents –** For purposes of the Contract, "EXW," "FOB," "FCA," "CIF," "CIP," "DDP" and other trade terms used to describe the obligations of the parties shall have the meanings assigned to them by the current edition of INCOTERMS published by the International Chamber of Commerce, Paris. The Delivery terms of this Contract shall be as follows: "The delivery terms applicable to the Contract are delivered as provided in Section VI. Risk and title will pass from the Contractor to APO upon receipt and final acceptance of the Goods at their final destination." The delivery of the Goods shall be made by the CONTRACTOR in accordance with the terms specified in Section VI. Schedule of

	Requirements. The details of shipping and/or other documents to be furnished by the Supplier are as follows: *For Goods supplied from within the Philippines:* Upon delivery of the Goods to the Project Site, the Supplier shall notify APO and present the following documents to APO: (i) Original and four copies of the Supplier's invoice showing Goods' description, quantity, unit price, and total amount; (ii) Original and four copies delivery receipt/note, railway receipt, or truck receipt; (iii) Original Supplier's factory inspection report; (iv) Original and four copies of the Manufacturer's and/or Supplier's warranty certificate; (v) Original and four copies of the certificate of origin (for imported Goods); (vi) Delivery receipt detailing number and description of items received signed by the authorized receiving personnel; (vii) Certificate of Acceptance/Inspection Report signed by the APO's representative at the Project Site; and (viii) Four copies of the Invoice Receipt for Property signed by the APO's representative at the Project Site. *For Goods supplied from abroad:* Upon shipment, the Supplier shall notify APO and the insurance company by cable the full details of the shipment, including Contract Number, description of the Goods, quantity, vessel, bill of lading number and date, port of loading, date of shipment, port of discharge etc. Upon delivery to the Project Site, the Supplier shall notify APO and present the following documents as applicable with the documentary requirements of any letter of credit issued taking precedence: (j) Original and four copies of the Supplier's invoice showing Goods' description, quantity, unit price, and total amount; (ii) Original and four copies of the negotiable, clean shipped on board bill of lading marked "freight pre-paid" and five copies of the non-negotiable bill of lading ; (iii) Original Supplier's factory inspection report; (iv) Original and four copies of the Manufacturer's and/or Supplier's warranty certificate; (v) Original and four copies of the certificate of origin (for imported Goods); (vi) Delivery receipt detailing number and description of items received signed by APO's representative at the Project Site; (vii) Certificate of Acceptance/Inspection Report signed by APO's representative at the Project Site; and (viii) Four copies of the Invoice Receipt for Property signed by APO's representative at the Project Site.

	For purposes of this Clause APO's Representative at the Project Site are *APO Inspectors.* **Incidental Services –** The CONTRACTOR is required to provide all of the following services, including additional services, if any, specified Section VI. Schedule of Requirements and Section VII Technical Specifications. *Select appropriate requirements and delete the rest.* (a) performance or supervision of on-site assembly and/or start-up of the supplied Goods; (b) furnishing of tools required for assembly and/or maintenance of the supplied Goods; (c) furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied Goods; (d) performance or supervision or maintenance and/or repair of the supplied Goods, for a period of time agreed by the parties, provided that this service shall not relieve the Supplier of any warranty obligations under this Contract; and (e) training of APO's personnel, at the Supplier's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied Goods. The Contract price for the Goods shall include the prices charged by the Supplier for incidental services and shall not exceed the prevailing rates charged to other parties by the Supplier for similar services. **Spare Parts –** The CONTRACTOR is required to provide all of the necessary materials in the Operationability of the project. The CONTRACTOR shall carry sufficient inventories to assure ex-stock supply of consumable spare parts for PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM for the period specified in the **Terms of Reference.** **Packaging –** The CONTRACTOR shall provide such packaging of the Goods as required to prevent their damage or deterioration during transit to their final destination, as indicated in this Contract. The packaging shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging case size and weights shall take into consideration, where appropriate, the remoteness of the GOODS' final destination and the absence of heavy handling facilities at all points in transit. The packaging, marking, and documentation within and outside the

	packages shall comply strictly with such special requirements as shall be expressly provided for in the Contract, including additional requirements, if any, specified below, and in any subsequent instructions ordered by APO. The outer packaging must be clearly marked on at least four (4) sides as follows: Name of Procuring Entity Name of the CONTRACTOR Contract Description Final Destination Gross weight Any special lifting instructions Any special handling instructions Any relevant HAZCHEM classifications A packaging list identifying the contents and quantities of the package is to be placed on an accessible point of the outer packaging if practical. If not practical the packaging list is to be placed inside the outer packaging but outside the secondary packaging. **Insurance –** The Goods supplied under this Contract shall be fully insured by the Supplier in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage, and delivery. The Goods remain at the risk and title of the Supplier until their final acceptance by APO. **Transportation –** Where the CONTRACTOR is required under Contract to deliver the Goods CIF, CIP or DDP, transport of the Goods to the port of destination or such other named place of destination in the Philippines, as shall be specified in this Contract, shall be arranged and paid for by the Supplier, and the cost thereof shall be included in the Contract Price. Where the CONTRACTOR is required under this Contract to transport the Goods to a specified place of destination within the Philippines, defined as the Project Site, transport to such place of destination in the Philippines, including insurance and storage, as shall be specified in this Contract, shall be arranged by the Supplier,

	and related costs shall be included in the Contract Price. Where the CONTRACTOR is required under Contract to deliver the Goods CIF, CIP or DDP, Goods are to be transported on carriers of Philippine registry. In the event that no carrier of Philippine registry is available, Goods may be shipped by a carrier which is not of Philippine registry provided that the Supplier obtains and presents to APO certification to this effect from the nearest Philippine consulate to the port of dispatch. In the event that carriers of Philippine registry are available but their schedule delays the Supplier in its performance of this Contract the period from when the Goods were first ready for shipment and the actual date of shipment the period of delay will be considered *force majeure* in accordance with GCC Clause22. APO accepts no liability for the damage of Goods during transit other than those prescribed by INCOTERMS for DDP Deliveries. In the case of Goods supplied from within the Philippines or supplied by domestic Suppliers risk and title will not be deemed to have passed to APO until their receipt and final acceptance at the final destination. **Patent Rights –** The CONTRACTOR shall indemnify APO against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of the Goods or any part thereof.
9	For the given scope of work in this Contract as awarded, all bid prices are considered fixed prices, and therefore not subject to price escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB in accordance with Section 61 of R.A. 9184 and IRR
10.2	**TERMS OF PAYMENT** The CONTRACTOR shall be paid on a monthly basis subject to the required Expanded Withholding tax (EWT) of two percent (2%) and Final Withholding VAT of five percent (5%). The CONTRACTOR shall be paid from submission of the documentary requirements such as, but not limited to the following: (a) Certificate of Acceptance issued by APO and BIR; (b) Audit, Inspection and Acceptance Certificate issued by APO; Payment shall be made within a reasonable time from submission of the abovementioned requirements and all other documents based on existing accounting and auditing laws, rules and regulations. No advance payment shall be made as provided in Section 88 of PD

	1445. The CONTRACTOR shall present an updated proof of its payments of final withholding taxes on income and VAT at 30% and 12% respectively based on the gross amount thereof by submitting duly validated BIR Forms 1601F and 1600 and deposit slip/official receipt evidencing tax remittance on royalties relative to its periodic remittances to its foreign owners/licensors before makes any payment when applicable. The 30% shall, however, be reduced to the applicable tax treaty rate if the foreign owner/licensor is a resident of a country which has an existing tax treaty with the Philippines and its entitlement to such treaty rate has been confirmed by a ruling issued for that purpose pursuant to existing issuances.
13.4 (c)	No further instructions.
16.1	The inspections and tests that will be conducted as stated in the **Terms of Reference.**

17	**WARRANTIES OF THE CONTRACTOR (Sec. VIII of Terms of Reference)** 1.1 The **CONTRACTOR** warrants that it shall conform strictly with all the terms and conditions of this Terms of Reference. 1.2 The **CONTRACTOR** warrants that the development, conversion, integration, and migration activities shall not nullify/invalidate any provision of the existing licenses. 1.3 The **CONTRACTOR** ensures that the IRSIS delivered meets BIR and APO requirements. 1.4 The **CONTRACTOR** warrants that the customized source codes and documentation of application development, integration, migration and implementation shall be turned-over to the BIR upon termination of the duration of the Contract. The final compiled updated version of the source codes and documentation shall be turned-over to the BIR after the contract period. 1.5 The **CONTRACTOR** warrants that it has the necessary technical and logistical capabilities to deliver the Stamp Design to APO within the mandatory periods set forth in Section 4.12 of this TOR. 1.6 The **CONTRACTOR** warrants, represents and undertakes reliability of the services and that their employees are hardworking, qualified/reliable and dedicated to do the service required to the satisfaction of APO and BIR. It shall employ well-behaved and honest employees with ID displayed conspicuously while working within the compound. It shall not employ BIR and employees to work in any category whatsoever. 1.7 The **CONTRACTOR** shall comply with the laws governing employer's compensation, PhilHealth, Social Security and labor standards, and other laws, rules and regulations, applicable to the personnel employed by **CONTRACTOR** on account of the contracted services. The **CONTRACTOR** shall pay its personnel not less than the minimum wage and other benefits mandated by law. 1.8 The **CONTRACTOR** in the performance of its services shall secure, maintain at its own expense all registration, licenses or permits required by National or Local Laws and shall comply with the rules, regulations and directives of Regulatory Authorities and Commissions. The **CONTRACTOR** undertakes to pay all fees or charges payable to any instrument of government or to any other duly constituted authority relating to the use or operation of the installation. 1.9 The **CONTRACTOR**'s personnel shall take all necessary precautions for the safety of all persons and properties at or near their area of work and shall comply with all standard and established safety regulations, rules and practices. 1.10 The **CONTRACTOR** shall coordinate with the authorized and/or designated APO personnel in the performance of their jobs. 1.11 The **CONTRACTOR** shall be liable for loss, damage or injury due to the fault or negligence of its personnel. It shall assume full responsibility therefore and APO shall be specifically released from any and all liabilities arising therefrom. 1.12 The CONTRACTOR shall neither assign, transfer, pledge nor subcontract any part or interest therein.

19

The applicable rates for every unperformed portion of the contract are specified below;

Liquidated damages for their non-compliance stated in **Section VI - Terms of Reference**.

APO shall maintain a Service Level Agreement (SLA) with the CONTRACTOR, with provision for liquidated damages for their non-compliance for the duration of the Contract.

COMPONENT	DESCRIPTION	LIQUIDATED DAMAGES
a. Inception Report	Submission of an Inception Report two (2) weeks from receipt of NTP.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
b. System Requirements Specifications	Delivery of the System Requirements Specifications in hard and soft copies within two (2) months from receipt of NTP as evidenced by Certificate of Acceptance.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
c. System Development	Delivery of developed system as well as the necessary hardware and software for development and UAT as evidenced by a Certificate of UAT Readiness within four (4) months from receipt of NTP.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
d. Technical Infrastructure	The CONTRACTOR shall deliver the required Equipment, hardware, and software as specified in Sec. 4.7.1 and 4.7.2	1/10 of one percent (1%) of hardware cost shall be imposed per day of delay
e. IRSIS Operationability	Delivery, installation, configuration, migration and operationability of all the necessary hardware and software components (i.e., application and database licenses, SSL certificate, etc.) for production environment two weeks after the UAT without additional cost to the BIR. IRSIS is operational and implemented to production within six (6) months from receipt of NTP. A Certificate of System Operationability shall be issued by BIR and as proof of system operationability.	1/10 of one percent (1%) of software cost and hardware cost shall be imposed per day of delay
f. Acceptance of Prototype Internal Revenue Stamps	The **CONTRACTOR** shall submit a proposal and prototype of the Internal Revenue Stamps as specified in Sections 4.11.3 and 4.11.4 of the Terms of Reference	1/10 of one percent (1%) of software cost shall be imposed per day of delay
g. Change in Design of Internal Revenue Stamps	a. Compromised Stamps Security Features The **CONTRACTOR** shall redesign a new stamp within two (2) weeks from BIR approval. b. Modify and Upgrade the Design of stamps within three (3) years from the time the Stamps have been first distributed to various tobacco manufacturers	1/10 of one percent (1%) of software cost shall be imposed per day of delay
h. Maintenance of IRSIS and all auxiliary equipment and mobile verification	The CONTRACTOR shall periodically maintain the IRSIS and all auxiliary equipment and mobile verification devices in accordance with the specifications set forth in Annex A-2, and when necessary, upgraded for the use by APO and the BIR after six (6) months from the receipt of the NTP until the end of the duration of this Contract. The CONTRACTOR shall ensure that the system is up and running with an availability level of 99.75% of its equivalent downtime of one (1) hour and forty-eight (48) minutes	1/10 of one percent (1%) of the software cost and hardware cost shall be imposed per day of delay

Penalties incurred for components “a to f”, if any, shall be deducted from the first monthly billing (after six months). For penalties incurred for components “g and h”, if any, shall be deducted in the monthly billings.

The maximum deduction shall be ten percent (10%) of the amount of contract. Once the cumulative amount of liquidated damages reaches ten percent (10%) of the amount of the contract, APO shall rescind the contract, without prejudice to other courses of action and remedies open to it.

20.4	In the case of a dispute between APO and the CONTRACTOR the dispute shall be resolved in accordance with Republic Act 9285 ("R.A. 9285") otherwise known as the "Alternative Dispute Resolution Act of 2004)."
21.1	If the CONTRACTOR is a JV, all partners to the joint venture shall be jointly and severally liable to APO.

Section VI. Schedule of Requirements

Schedule of Requirements

Item Number	Description	Quantity	Total	Delivered, Weeks/Months
1	PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)	**1 lot**	**1 lot**	For a period of five (5) years from the receipt by the CONTRACTOR of a Notice to Proceed ("*NTP*").
2	- Security and Design features			-do-
3	- Delivery of Stamps			-do-
4	- Technical Infrastructures: o System Storage Dual Controller (Fiber Attach) o Data and exchange server o Development Server and UAT Server o Primary Servers o Switched Rack PDU o Smart-UPS Modular 3000VA 120V Rack mount/Tower o Tape Library o Other equipment (i.e., routers, gateways, smart switches, server rack cabinets, etc.)			Two (2) months from receipt of NTP
5	Mobile Verification Devices (with duly issued NTC Certifications)	80		-do-
6	Brand new/Branded Desktops/PCs	80		-do-
7	Brand new/Branded Tablets	20		-do-
8	Equipment for personalization and security feature applications			3 months after NTP
9	Delivery of Internal Revenue Stamps Integrated System (IRSIS)			Within six (6) months from receipt of NTP

Section VII. Technical Specifications

Item	Specification	Statement of Compliance	Bidder's Technical Proposal / Evidence of Compliance
I	**Duration of the Contract** The contract for the **PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)** (the "*Contract*") shall be for a period of five (5) years from the receipt by the CONTRACTOR of a Notice to Proceed ("*NTP*").		
II	2.1 The CONTRACTOR shall be a firm/company with relevant experience in producing tamper- proof stamps and in developing web-based systems for the generation of codes of personalization, ordering, monitoring and distribution of stamps with the following qualifications: 2.1.1 Should be ISO 9000 Certified or if no ISO certification is being issued in the country of origin, any equivalent certification recognized internationally as of date of bidding. 2.1.2 At least ten (10) years continuous experience immediately preceding the date of bid submission in providing security features for stamps, banknotes, identity documents and other securitized documents 2.1.3 At least five (5) years continuous experience immediately preceding the date of bid submission in developing a web-based ordering, distribution and monitoring system.		
III	**SCOPE OF WORK AND SPECIFICATIONS:** **3.1 Inception Report** The CONTRACTOR shall submit to APO an Inception Report within two (2) weeks from its receipt from APO of the NTP. The Inception Report must contain the project timetable, milestones, deliverables, resource requirements, roles and responsibilities of its project team. BIR and APO shall approve the Inception Report and issue the Certificate of Acceptance to the CONTRACTOR.		
	3.2 User Requirements Gathering and Documentation		

	3.2.1 The CONTRACTOR shall perform an in-depth analysis of the technical, business and user requirements specified in **Annex A-1** and **Annex A-2** to identify, among other things, the data required to be captured by the system and all the required system generated reports for domestically manufactured and imported cigarettes. The Internal Revenue Stamps Integrated System (IRSIS) shall contain following modules: 3.2.1.1 Ordering and Distribution Modules; and 3.2.1.2 Monitoring Module and Report Generation 3.2.2 The CONTRACTOR shall submit the System Requirement Specifications of the IRSIS in hard and soft copies within two (2) months from receipt of NTP as evidenced by the Certificate of Acceptance issued by APO and BIR.		
	3.3 IRSIS Development The CONTRACTOR shall deliver a web-based system within four (4) months from receipt of NTP. The Contractor shall configure the IRSIS based on the process flow for the ordering, payment, distribution and monitoring of the Internal Revenue Stamps as provided for in Annex **"A-3"** of this TOR. APO with the approval of BIR shall issue a Certificate of UAT Readiness as evidence for readiness for functional and technical testing.		
	3.4 IRSIS Acceptance The **CONTRACTOR** shall ensure that the IRSIS containing the Ordering, Distribution and Monitoring Modules for Internal Revenue Stamps have successfully passed the User Acceptance Testing (UAT) within five (5) months from receipt of NTP. A Certificate of Acceptance shall be issued by APO and BIR.		
	3.5 IRSIS Documentations The CONTRACTOR shall submit to BIR and APO the following documentations in hard and soft copies within six (6) months from receipt of NTP as evidenced by Certificate of Acceptance issued by APO and BIR. 3.5.1 Programming Specifications and Source Codes (soft copy only) 3.5.2 Operations and Users Manual 3.5.3 Job Aids for Internal and External Users		
	3.6 Training Requirements. The **CONTRACTOR** shall provide orientation and training at no additional		

cost to BIR and APO as follows:

Training for Cigarette Manufacturers, BIR and APO Users	Number of Participants	Duration	Proof of Conduct
3.6.1 Executive Orientation	At least 10	4 hours	RSO, Certificate of Attendance
3.6.2 User's Training	At least 20	16 hours	RSO, Certificate of Training of the participants
3.6.3 Technical Courses such as:			
• Database and System Administration of the software	At least 5	40 hours	RSO, Certificate of Training of the participants
• Software Development tools	At least 5	40 hours	

Orientation and training shall be conducted within six (6) months from receipt of NTP. Technical Courses shall be accompanied by Technical Manuals and User Manuals for the Users' Training.

3.7 Technical Infrastructure and Support

3.7.1 The CONTRACTOR shall deliver the required Equipment, hardware, and software, including but not limited to the following:

a. System Storage Dual Controller (Fiber Attach)
b. Data and exchange server
c. IRSIS Development and UAT Server
d. Primary Servers
e. Switched Rack PDU
f. Smart-UPS Modular 3000VA 120V Rack mount/Tower
g. Tape Library
h. Other equipment (i.e., routers, gateways, smart switches,

server rack cabinets, etc.)

i. 80 Mobile Verification Devices (with duly issued NTC Certifications)
j. 20 Brand new/Branded Desktops/PCs
k. 20 Brand new/Branded Tablets

3.7.2 The CONTRACTOR shall ensure that the system is up and running with an availability level of 99.75% or its equivalent downtime of one (1) hour and forty-eight (48) minutes.

3.7.3 The CONTRACTOR shall deliver all items enumerated in Section 3.7.1, including software components (i.e. application and database licenses, SSL Certificate etc.) and all auxiliary equipment of the IRSIS shall be delivered to APO's designated plant within two (2) months from receipt of NTP, and shall be turned over to the BIR at no additional cost, at the expiration of the term of the Contract.

3.7.4 The CONTRACTOR shall provide technical support services once the system is in production up to the expiration of the warranty period, as logged in the BIR Help Desk Issues Management Log.

See issue classification below:

Severity level	Description	Resolution time
BLOCKER	users cannot proceed in using the system or execution of the module due to this error	4 hrs
HIGH	not an execution blocker but is a blocker for operations (e.g., missing function; impairs data integrity, etc.)	8 hrs
MEDIUM	not an execution blocker and not a blocker for operations (e.g., column header is not descriptive, trash screen displayed, etc.)	16 hrs
LOW	Standard infractions (e.g., displayed fields are not aligned, etc.)	32 hrs

3.8 IRSIS Implementation

	3.8.1 The CONTRACTOR shall deliver, install, configure, migrate and make operational all the necessary hardware and software components (i.e., application and database licenses, SSL certificate, etc.) of the IRSIS for the production environment two weeks after the System Acceptance. The items enumerated in Section 3.7.1 and all auxiliary equipment of the IRSIS shall be delivered to APO's designated plant and shall be turned over by the CONTRACTOR to the BIR at no additional cost, at the expiration of the term. 3.8.2 The CONTRACTOR shall ensure that the IRSIS is operational and implemented to production within six (6) months from receipt of NTP. A Certificate of System Operationability shall be issued by APO and BIR. **3.8.3** The IRSIS and all auxiliary equipment and mobile verification devices shall be periodically maintained in accordance with the specifications set forth in **Annex A-2**, and when necessary, upgraded by the CONTRACTOR for the use by APO and the BIR for the duration of this project. at no additional cost to both APO and BIR.		
	3.9 Delivery of Mobile Verification Device The CONTRACTOR shall deliver eighty (80) Mobile Verification Device for verifying the authenticity of the Internal Revenue Stamps within two (2) months from receipt of NTP. The CONTRACTOR shall demonstrate to APO and BIR that the proposed verification device meets the defined performance and operational requirements as set forth in **Annex A-2** of this TOR.		
	3.10 Internal Revenue Stamp Specifications **3.10.2 Security Features** **3.10.2.1** Tamper proof in a manner that stamps cannot be removed without being mutilated, obliterated, or otherwise altered. **3.10.2.2** With both overt and covert security and tracking features. 3.10.2.2.1 With both overt and covert security and tracking features. Two (2) Overt Security Features, excluding micro text and deliberate error, which is part of APO's base printing. • One of which is intricate fine lines of aesthetic design • One of Contractor's choice of overt Security Feature Three (3) Covert Features, excluding the use of invisible		

	security inks, which is part of APO's base printing. • Two (2) second level covert security classification • One (1) 3rd level (forensic classification) that can be authenticated via special laboratory equipment/ instruments available in the Philippines **3.10.2.3** One Hundred Percent (100%) readable by mobile verification device. **3.10.2.4** Resistant to ordinary wear and tear (quality of material). **3.10.2.5** With unique stamp design and color-coded for each tax class. **3.10.2.6** Stamps must be designed to self-destroy should an attempt be made to peel them off the cigarette package **3.10.3 Design Features** 3.10.3.1 The Internal Revenue Stamp shall have an overall measurement of 23mm x 43 mm. 3.10.3.2 Must be color-coded for each tax class in accordance with **Annex A-1**. 3.10.3.3 The Internal Revenue Stamp will be affixed through a strong adhesive on each pack of cigarettes. The Internal Revenue Stamp will be affixed by the manufacturer directly to the individual pack of cigarette prior to the wrapping of cellophane.		
	3.11 Submission of Proposed Design of the Internal Revenue Stamp 3.11.2 The **CONTRACTOR** shall submit a proposal for the design of the internal revenue stamp to APO within forty five (45) calendar days from receipt of NTP and ensure the correctness of the content of the internal revenue stamps at all times as specified in Section 3.10. The proposed design shall be submitted to APO which shall be forwarded to the BIR's Chief of the Large Taxpayers Field Operations Division ("LTFOD") for the approval of the Assistant Commissioners ("ACIR") of the Large Taxpayers' Service ("LTS"). The Chief of the LTFOD shall return the approved design to APO within seven (7) working days from receipt of the proposed design. 3.11.3 The **CONTRACTOR** shall within two (2) weeks from receipt of the approved design, provide the BIR's Chief LTFOD in coordination with APO the actual printed Prototype Stamp or digital lay-out of the Internal Revenue Stamps (whichever is applicable) for the approval by the ACIR of LTS. BIR and APO shall approve the Prototype of the Internal Revenue Stamps within two (2) weeks from the receipt of such printed Prototype of the Internal Revenue Stamps, or the digital lay-out thereof, whichever is applicable. The evidence of the final approval by the BIR of the Prototype of the Internal Revenue Stamp is a Certificate of Acceptance which shall be issued within three (3)		

weeks after receipt of the approved prototype.

The BIR shall have the right to test any Prototype of the Internal Revenue Stamps to determine if the Internal Revenue Stamp meets the specifications for the stamp design as outlined in this TOR.

3.11.4 The **CONTRACTOR** shall address all design modifications on the Internal Revenue Stamps and their impact on the application system brought about by changes in policy or regulation.

3.11.5 The CONTRACTOR shall, within three (3) years from the time the Stamps have been first distributed to various tobacco manufacturers, modify and upgrade the design of the Stamps, subject to the final approval by the BIR and at no additional cost to APO and the BIR.

3.11.6 When the stamps security features have been compromised, the **CONTRACTOR** shall redesign a new stamp version to replace the compromised stamp within two (2) weeks, upon the approval of BIR and APO. The redesigned stamp shall be approved by BIR and APO before printing. Any cost of the redesign stamp shall be solely borne out by the CONTRACTOR.

3.12 Delivery of the Security Features of the Stamp

3.12.1 The Contractor shall deliver the security features (that shall form an integral part of the Stamps) to APO within the mandatory periods set forth below:

INITIAL DELIVERY	**MONTHLY DELIVERY**
Within fifteen (15) calendar days upon turn-over of base material from APO	as per monthly order by Cigarette Manufacturers

3.12.2 Should there be any variation as to the actual volume of stamps ordered, there will be no changes in the unit price.

IV **RESPONSIBILITIES OF CONTRACTOR:**

4.1 All employees and personnel of the Contractor shall be required by the BIR and APO to sign a non-disclosure agreement.

4.2 The CONTRACTOR shall assign a Project Officer to oversee the project engagement and to be a single point of contact of APO and BIR.

4.3 The CONTRACTOR shall submit a sworn affidavit that its Board of Directors and Officers are not related to any members of the Board of Directors and Officers of the manufacturers of cigarettes by consanguinity or affinity up to the fourth civil degree and has no business relationship with or financial interest in any Cigarette Manufacturer or any of their affiliated banks or financial institutions. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid.

V **SERVICE LEVEL AGREEMENT**

APO shall maintain a Service Level Agreement (SLA) with the CONTRACTOR, with provision for liquidated damages for their non-compliance for the duration of the Contract.

Penalties incurred for components "a to f", if any, shall be deducted from the first monthly billing (after six months). For penalties incurred for components "g and h", if any, shall be deducted in the monthly billings.

COMPONENT	DESCRIPTION	LIQUIDATED DAMAGES
Inception Report	Submission of an Inception Report two (2) weeks from receipt of NTP.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
System Requirements Specifications	Delivery of the System Requirements Specifications in hard and soft copies within two (2) months from receipt of NTP as evidenced by Certificate of Acceptance.	1/10 of one percent (1%) of software cost shall be imposed per day of delay

	System Development	Delivery of developed system as well as the necessary hardware and software for development and UAT as evidenced by a Certificate of UAT Readiness within four (4) months from receipt of NTP.	1/10 of one percent (1%) of software cost shall be imposed per day of delay		
	Technical Infrastructure	The CONTRACTOR shall deliver the required Equipment, hardware, and software as specified in Sec. 3.7.1 and 3.7.2	1/10 of one percent (1%) of hardware cost shall be imposed per day of delay		
	IRSIS Operationability	Delivery, installation, configuration, migration and operationability of all the necessary hardware and software components (i.e., application and database licenses, SSL certificate, etc.) for production environment two weeks after the UAT without additional cost to the BIR. IRSIS is operational and implemented to production within six (6) months from receipt of NTP. A Certificate of System Operationability shall be issued by BIR and APO as proof of system operationability.	1/10 of one percent (1%) of the software cost and hardware cost shall be imposed per day of delay		
	Acceptance of Prototype Internal Revenue Stamps	The CONTRACTOR shall submit a proposal and prototype of the Internal Revenue Stamps as specified in Sections 3.11.3 and 3.11.4	1/10 of one percent (1%) of software cost shall be imposed per day of delay		

	Change in Design of Internal Revenue Stamps	c. Compromised Stamps Security Features The CONTRACTOR shall redesign a new stamp within two (2) weeks from BIR approval. d. Modify and Upgrade the Design of stamps within three (3) years from the time the Stamps have been first distributed to various tobacco manufacturers	1/10 of one percent (1%) of software cost shall be imposed per day of delay		
	Maintenance of IRSIS and all auxiliary equipment and mobile verification	The CONTRACTOR shall periodically maintain the IRSIS and all auxiliary equipment and mobile verification devices in accordance with the specifications set forth in Annex A-2, and when necessary, upgraded for the use by APO and the BIR after six (6) months from the receipt of the NTP until the end of the duration of this Contract. The CONTRACTOR shall ensure that the system is up and running with an availability level of 99.75% of its equivalent downtime of one (1) hour and forty-eight (48) minutes	1/10 of one percent (1%) of the software cost and hardware cost shall be imposed per day of delay		

ANNEX A-1

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION	STATEMENT OF COMPLIANCE	BIDDER'S PROPOSAL
SYSTEM FUNCTIONALITIES				
Ordering and Distribution Modules (Sec. 3.2.1.1 of the TOR)		**IRSIS must be able to handle on-line ordering/request of stamps by cigarette manufacturers or importers as well as on-line approval of stamps by BIR in real-time**		
	a. Computation and Verification of payments	The IRSIS should be able to compute and check/verify payments made thru eFPS, on excise tax before orders will be released to the taxpayers. The IRSIS should be able to compute the printing cost of the stamps ordered. BIR should be able to approve printing and releasing of stamps. IRSIS should be able to segregate the quantity of stamps per tax class already approved and released. Excise tax will be computed against the quantity of stamps ordered per tax class and the IRSIS tax table (BIR CONTROL) The IRSIS should be able to segregate the amount already used during the ordering process		
	b. Module for Spoilage and Replacement of Stamps	IRSIS must be able to monitor stamp spoilages and request for replacement as well as online approval of request.		
	c. Online request and approval for replacement of spoilages	Capability to request and approve replacement of stamps		

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION	STATEMENT OF COMPLIANCE	BIDDER'S PROPOSAL
	d. Facility to record/monitor alphanumeric codes of stamps that were approved for replacement	IRSIS should provide historical records of alphanumeric codes of stamps that were approved for replacement per tax classification/per taxpayer		
Monitoring System (Section 3.2.1.2 of the TOR)				
	a. Monitoring of stamps inventory level	IRSIS should contain a module that will enable to monitor quantity and alphanumeric codes of stamps requisitioned/ordered, delivered, affixed on produced cigarettes and unaffixed or unused (including spoilages) per tax classification stamps		
	b. Monitoring of the number of packs of cigarettes with affixed stamps	• IRSIS should have the capability to monitor the serial numbers affixed on the packs of cigarettes but not reported as removals from the place of production • IRSIS should have the capability to monitor the quantity of stamps per tax classification affixed on the packs of cigarettes reported as removals from the place of production.		
	c. Capability to reconcile quantity of stamps requisitioned and delivered per tax classification	IRSIS must have the capability to reconcile the quantity, alphanumeric codes, and tax due per tax classification of requisitioned and delivered stamps		
	d. View online on the status of orders and deliveries	Taxpayers and BIR users must be able to view online the status of orders for stamps and deliveries		
REPORT GENERATION (Section 3.2.1.2 of the TOR)				

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION	STATEMENT OF COMPLIANCE	BIDDER'S PROPOSAL
	Periodic Generation of Daily, Weekly, Monthly, Quarterly, Semestral and Annual Reports	**Automatic Generation of periodic reports containing the following information**		
	a. Stamps Account	Reports containing data on quantity of stamps requisitioned/ affixed/unaffixed/removed for destruction or replacement of stamps for local and imported cigarettes		
		- per company/taxpayer		
		- per tax classification		
		- over all total volume of requisition stamps		
	b. Excise tax due/paid on stamps ordered for cigarettes (local & imported)	Reports containing the balances of deposits and excise tax due on ordered stamps		
		- per company/taxpayer		
		- per tax classification		
	c. Spoilages for replacement	Reports containing data on volume and alphanumeric codes of stamps a) per request b) approved c) disapproved		
		- per company/taxpayer		
		- per tax classification		
	d. Discrepancy Report	Report with system generated control number		
	e. Ad hoc reports / exception reports	- reports necessary upon implementation of the project		
		- unmatched order vs. delivery (# of stamps per tax classification and tax due)		
		- list of serial numbers of spoilage stamps		
		- others, as implemented by law or regulations		

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION	STATEMENT OF COMPLIANCE	BIDDER'S PROPOSAL
Internal Revenue Stamp Specifications (Sec. 3.10 of TOR)				
	Requirements for stamps/Stamp Design			
	a. Tamper proof in a manner that stamps cannot be removed without being mutilated, obliterated or otherwise altered	Not susceptible to tampering or counterfeiting		
	b. Stamps must have a minimum of two (2) overt and three (3) covert security features	The stamp must provide prima facie evidence that the stamp is genuine (overt/covert feature)		
	c. The stamp's track and trace features must be 100% readable by the mobile verification device	Stamps must contain a unique alphanumeric and QR code		
	d. Resistance to ordinary wear and tear (quality of material)	The quality of stamp materials (paper and ink) must be resistant to ordinary wear and tear		
	e. There should be a unique stamp design and color-coded for each tax class	Total of six (6) color-coded Internal Revenue Stamps a. Domestic a.1 Packed by Hand a.2. Packed by machine i. High ii. Low b. Imported i. High ii. Low c. Export		
	f. Printing of stamps in banderols or flat sheets	Facility to print stamps in banderols or flat sheets to be requisitioned at the option of the taxpayer for use in their production/operations		

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION	STATEMENT OF COMPLIANCE	BIDDER'S PROPOSAL
	g. System to identify stamps which were affixed on the packs	IRSIS should provide alphanumeric codes for stamps: a. Domestic a.1 Packed by Hand a.2. Packed by machine (i. High; and ii. Low) b. Imported i. High ii. Low c. Export		
CODES TABLE MAINTENANCE				
	Provision for adjustments on:			
	a. tax rates	Tax rates stored on codes table can be updated anytime		
	b. tax status (taxable and non-taxable)	Tax status stored on codes table can be updated anytime		
	b. Brand name (new brand & transfer to another company)	Brand name stored on codes table can be updated anytime		
	c. tax classification (packed by hand, packed by machine: high and low)	Tax classification on code table can be updated anytime		
	d. tax structure (specific or ad valorem or combination	Tax structure on codes table can be updated anytime		
	e. Domestically manufactured or imported	Provision for identifying whether the requisitioner is local or importer		
	f. Others/additional, as mandated by law	Additional code table for updates/changes must effect immediately		
Others				
	Capability of stamp placement on different types of packaging			

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION	STATEMENT OF COMPLIANCE	BIDDER'S PROPOSAL
	Adaptability of the System to interface with other Systems	IRSIS must be flexible enough to interface with existing systems		
	Adaptability of the system to other types of excisable products (distilled spirits)			

Submitted by:

_____

Signature over Printed Name of the Authorized Signatory

_____

Position

_____

Company Name

_____

Date

ANNEX A-2

TECHNICAL REQUIREMENTS

	Requirements	Description/Definition	Statement of Compliance	Bidder's Proposal
System Requirements				
1.	Real-time data availability	The System shall provide real-time database update and monitoring. In addition, all data generated by the System must be on a real-time basis.		
2.	Secured System and Data	The System must be accessible via intranet and internet, fully secure, with the following minimum features: 1. Secure access – accessible only to authorized personnel identified by the system administrator (Security and Access Matriz) 2. Secure log-in system a. Unique log-in name and password for each authorized user b. Audit trail - Detailed record of all access made, including user identification, date and time of access, data accessed, actions performed, point or place of access 3. Data security and integrity – capability of securely processing, storing and transmitting data generated by the System providing fully system continuity		
3.	Data Storage and Management	1. All server hard drives must be using RAID (RAID Options from 1-10) 2. All server hard drives must have an incremental backup drive that is hot swappable for offsite storage 3. Data Retention – 7 years online data retention reckoned from date of data creation 4. Full system must have full data recovery		
Back-up and Recovery				

	Requirements	Description/Definition	Statement of Compliance	Bidder's Proposal
4.	Server Cluster	1. The system should consist of a minimum of 6 servers (consisting of 3 primary servers and 3 backup servers) 2. The system should consist of a primary domain controller, database server, and exchange server 3. Each server should have a backup counterpart ex: backup domain controller, backup database server, and exchange servicer 4. All backup servers should have the same hardware specs as its counterparts 5. All backup servers must be able to assume full control of the roles and their counterparts.		
5.	Network Equipment Internet Connectivity	1. Must provide internet connection 2. Must have backup internet source 3. Each device must have a hot spare		
6.	Full system backup power	In case of power outage, the system must remain active and operable for at least 1 hour and 30 minutes Backup power supplies (UPS) must be able to automatically shut the servers down sequentially Backup power supplies (UPS) must be able to automatically turn on the servers sequentially when regular power comes back on-line		
7.	Application	The System should be customizable and configurable according to APO's requirement and policies with the approval of the BIR		
8.	Dynamism	1. The System should support "open system" as a minimum standard 2. Must be interoperable with other operating systems existing in the market and should also be interoperable with the existing information technology (IT) systems of the APO and BIR 3. Must be able to interface or connect with printing machines		

	Requirements	Description/Definition	Statement of Compliance	Bidder's Proposal
	Data Extraction	Data/ information (live or archived) can be extracted anytime by duly authorized personnel		
	Integration with customized modules	The System shall have the capability to be interfaced with existing BIR systems and all other related customized modules.		
		1. Online data retention of at least seven (7) years. No data shall be lost because of backup, archives and logs will be a feature of the system 2. System data recovery – full recovery		
Hardware, Software, Network and Security Requirement				
12.	Software	All software requirements used in the Project shall be licensed and turned over to APO until it is turned-over to BIR at the end of the term of MOA.		
13.	Ownership of Source Codes	All final compiled versions of program developed by the CONTRACTOR for the system shall be owned by APO until it is turned-over to BIR at the end of the term of MOA.		
14.	Hardware Sizing and Availability	All hardware requirements necessary to operate the System shall be turned-over to BIR. All hardware equipment shall be provided based on capacity on demand to ensure and maintain efficient performance and response time.		
15.	Handheld device firmware	All final compiled versions of program for the handheld device's firmware developed by the CONTRACTOR shall be owned by APO until it is turned over to BIR at the end of the term of MOA.		

	Requirements	Description/Definition	Statement of Compliance	Bidder's Proposal
16.	Security Provisions	All necessary security licenses and equipment to ensure secured data access shall be turned-over to APO until it is turned over to BIR at the end of the term of MOA.		
17.	System Hardware Procurement (servers)	All hardware equipment used in the system must be brand new/latest and from a reputable/known source or brand with 10 years of experience in the industry.		
Mobile Monitoring/Audit Device				
18.	Portable	The mobile verification device should be portable, handheld, and with a maximum weight of 450g, including battery		
19.	There must be a sufficient number of field audit devices	The CONTRACTOR shall provide at least 80 brand-new field audit devices to BIR.		
20.	Tablets	Shall provide 20 tablets for mobile online access to web-based track and trace system		
21.	Desktops	Shall provide 20 desktops to access to web-based track and trace system		
22.	Handheld device firmware	Should not be available commercially – for security reasons, it should be a specific and dedicated to the supplied device, developed in-house and not available from another source		
23.	Provision of service units during repair of device	Service units of the field audit device shall be made available while original unit is under repair, at no additional cost to APO. Maintenance of the unit shall include parts and labor costs.		

	Requirements	Description/Definition	Statement of Compliance	Bidder's Proposal
24.	Distributor/Retailer validators	The system shall include at least 1000 simple distributor/retailer tools to enable them to verify the semi-covert security features of the Stamp. These devices will allow for revealing a specific security feature not visible to the naked eye.		

	Requirements	Description/Definition	Statement of Compliance	Bidder's Proposal
25.	Authentication Response Time	The mobile verification device will perform an authentication within two (2) seconds of the verification device being applied to the stamp 1. Mobile handheld devices must authenticate/ verify QR code without an internet connection 2. Mobile devices must be able to store data table with sufficient information for the user to validate during inspection 3. QR devices must be able to update stored QR table via secure online connection 4. All Information inbound into device or stored in device must be encrypted 5. Handheld device must require user to login before use. 6. Information gathered on the field during inspection must be up-loadable into IRSIS 7. Reports generated must consist of Inspector info, time and location of inspector, and all information required in the IRSIS 8. Capability to validate/monitor the correctness of serial numbers/tax classification affixed on the packs of cigarettes 9. Mobile handheld devices must authenticate/ verify via alphanumeric code if in case QR code is damaged/ non-readable.		
Other Services				

<table>
<tr><th></th><th>Requirements</th><th>Description/Definition</th><th>Statement of Compliance</th><th>Bidder's Proposal</th></tr>
<tr><td>26.</td><td>System Performance</td><td>1. The System response time should not exceed 5 seconds for 20 KB of data using 256 Kbps (under a 10Mbps local area network (LAN) environment).
2. The System shall have the following System Performance online:

<table><tr><td>Data (KB)</td><td>20</td><td></td></tr><tr><td>KB to bits</td><td>163840</td><td>Bits</td></tr><tr><td>Bits to kb</td><td>163.84</td><td>Kilobits</td></tr><tr><td>Transmission time required over 256 kbps line</td><td>0.64</td><td>seconds</td></tr></table></td><td></td><td></td></tr>
<tr><td>27.</td><td>System Operationability</td><td>Shall ensure that the system is up and running with availability level of 99.75% or its equivalent downtime of one (1) hour and forty eight (48) minutes. Should include handheld devices, system servers, system applications and other auxiliary equipment used by IRSIS.</td><td></td><td></td></tr>
<tr><td>28.</td><td>System Maintenance</td><td>Must provide full system maintenance and upgrading services for IRSIS throughout the duration of the contract. Should include handheld devices, system servers, system applications and all other auxillary equipment used by IRSIS (labor and parts).</td><td></td><td></td></tr>
<tr><td>29.</td><td>Report Generation</td><td>Must generate all reports necessary for the IRSIS, production, delivery/pickup, user logs, and all other reports overlooking the system</td><td></td><td></td></tr>
</table>

Submitted by:

_____

Signature over Printed Name of the Authorized Signatory

_____

Position

_____

Company Name

_____

Date

Section VIII. Bidding Forms

TABLE OF CONTENTS

1. BID FORM …… 115
2. For Goods Officer from Abroad (if Applicable)…… 117
3. For Goods Offered from within the Philippines (if Applicable)…….. 118
4. CONTRACT AGREEMENT FORM……. 119
5. OMNIBUS SWORN STATEMENT…… 121
   5.1 Secretary's Certificate or Special Power of Attorney, whichever is applicable…… 123
6. BANK GUARANTEE FORM FOR ADVANCE PAYMENT……..……. 127
7. BID SECURING DECLARATION FORM……. 129
8. Annex A – Sworn Statement of all its on-going government and private contracts for the last five (5) years from the bidding date including contracts awarded but not yet started, if any …… 131
9. Annex B – Sworn Statement of all its completed similar government and private contracts for the last three (3) years from the bidding date…….. 132
10. Financial Documents For Eligibility Check (NFCC)…….. 133
11. Credit Line Certificate…… 135

Name of Company
Address of the Company
Telephone and Fax Numbers of the Company
Website Address of the Company
e-mail address of the Company
TIN:

Bid Form

Date: _____
Invitation to Bid[1] N[o]: _____

To: APO Production Unit, Inc.
NEDA -Complex, Gov't Center
EDSA, Diliman, Quezon City

Gentlemen and/or Ladies:

Having examined the Bidding Documents including Bid Bulletin Numbers *[insert numbers],* the receipt of which is hereby duly acknowledged, we, the undersigned, offer to *supply/deliver/perform the* ***PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)*** in conformity with the said Bidding Documents for the sum of *[total Bid amount in words and figures]* or such other sums as may be ascertained in accordance with the Schedule of Prices attached herewith and made part of this Bid.

ITEM NO.	DESCRIPTION	ABC	QTY.	UNIT	CURRENT MARKET PRICE	FREIGHT AND INSURANCE	OTHER COST FACTORS (COST OF SUPPLY, INFLATION, CURRENCY VALUATION ADJUSTMENT)		SUB-TOTAL	VAT, OTHER TAXES AND/OR DUTIES APPLICABLE	UNIT COST	TOTAL COST
							%	VALUE				
ABC = Php 350,000,000.00 per year for the five (5) year contract												
1 lot	Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System	Php 350,000,000.00	3,500,000,000 @ PhP 0.10	Per stamp								
GRAND TOTAL CONTRACT PRICE												
X 5 years												
GRAND TOTAL PRICE IN WORDS												

**** for SLA purposes the Bidder shall submit the Detailed Cost Breakdown for the security feature and design, software and hardware component of the bid (See attached form)**

[1] If ADB, JICA and WB funded projects, use IFB.

Note:

Please specify a "0" for the said column above if it would mean free of charge. No price or "0" indicated in the column shall be considered "non-responsive" and automatically "disqualified".

We undertake, if our Bid is accepted, to deliver the goods in accordance with the delivery schedule specified in the Schedule of Requirements.

If our Bid is accepted, we undertake to provide a performance security in the form, amounts, and within the times specified in the Bidding Documents.

We agree to abide by this Bid for the Bid Validity Period specified in **BDS** provision for **ITB** Clause 18.2 and it shall remain binding upon us and may be accepted at any time before the expiration of that period.

Commissions or gratuities, if any, paid or to be paid by us to agents relating to this Bid, and to contract execution if we are awarded the contract, are listed below:[2]

Name and address of agent	Amount and Currency	Purpose of Commission or gratuity

(if none, state "None")

Until a formal Contract is prepared and executed, this Bid, together with your written acceptance thereof and your Notice of Award, shall be binding upon us.

We understand that you are not bound to accept the lowest or any Bid you may receive.

We certify/confirm that we comply with the eligibility requirements as per **ITB** Clause 5 of the Bidding Documents.

Dated this _____ day of _____ 20_____.

_____
Signature over Printed Name of the Authorized Signatory

_____
Position

_____
Company Name

_____
Date

[2] Applicable only if the Funding Source is the ADB, JICA or WB.

For Goods Offered From Abroad

Name of Bidder _____. Invitation to Bid[3] Number ____. Page ____ of _____.

1	2	3	4	5	6	7	8	9
Item	Description	Country of origin	Quantity	Unit price CIF port of entry (specify port) or CIP named place (specify border point or place of destination)	Total CIF or CIP price per item (col. 4 x 5)	Unit Price Delivered Duty Unpaid (DDU)	Unit price Delivered Duty Paid (DDP)	Total Price delivered DDP (col 4 x 8)

For Goods Offered From Within the Philippines

Name of Bidder _____. Invitation to Bid[4] Number __. Page _____ of _____.

1	2	3	4	5	6	7	8	9	10
Item	Description	Country of origin	Quantity	Unit price EXW per item	Cost of local labor, raw material, and component[2]	Total price EXW per item (cols. 4 x 5)	Unit prices per item final destination and unit price of other incidental services	Sales and other taxes payable per item if Contract is awarded	Total Price delivered Final Destination (col 8 + 9) x 4

Contract Agreement Form

THIS AGREEMENT made the _____ day of _____ 20_____ between *[name of APO]* of the Philippines (hereinafter called "the Entity") of the one part and *[name of Supplier]* of *[city and country of Supplier]* (hereinafter called "the Supplier") of the other part:

WHEREAS the Entity invited Bids for certain goods and ancillary services, viz., *[brief description of goods and services]* and has accepted a Bid by the Supplier for the supply of those goods and services in the sum of *[contract price in words and figures]* (hereinafter called "the Contract Price").

NOW THIS AGREEMENT WITNESSETH AS FOLLOWS:

1. In this Agreement words and expressions shall have the same meanings as are respectively assigned to them in the Conditions of Contract referred to.

2. The following documents shall be deemed to form and be read and construed as part of this Agreement, viz.:

   (a) the Bid Form and the Price Schedule submitted by the Bidder;

   (b) the Schedule of Requirements;

   (c) the Technical Specifications;

   (d) the General Conditions of Contract;

   (e) the Special Conditions of Contract; and

   (f) the Entity's Notification of Award.

3. In consideration of the payments to be made by the Entity to the Supplier as hereinafter mentioned, the Supplier hereby covenants with the Entity to provide the goods and services and to remedy defects therein in conformity in all respects with the provisions of the Contract

1. The Entity hereby covenants to pay the Supplier in consideration of the provision of the goods and services and the remedying of defects therein, the Contract Price or such other sum as may become payable under the provisions of the contract at the time and in the manner prescribed by the contract.

2. CONFIDENTIALITY OF INFORMATION

   a. The **CONTRACTOR** shall document detailed procedures/techniques in identifying system *security risks and breaches* and how such shall be handled.

   b. All project staff of the **CONTRACTOR** shall be required to sign a non-disclosure

agreement.

c. The BIR and information system, its components, parts and all products, product samples and specifications, data, ideas, technology, and technical and non-technical materials, all or any of which may be derived from any of the foregoing (all of which, individually and collectively, referred to as "Proprietary Information") are confidential and proprietary to the BIR and .

d. The CONTRACTOR agrees to hold the Proprietary Information in strict confidence. The CONTRACTOR furthermore agrees not to reproduce, transcribe, or disclose the Proprietary Information to third parties without prior written approval of the BIR.

e. To ensure the confidentiality of all information that will come to the knowledge of the CONTRACTOR and its employees detailed with , the CONTRACTOR and its employees assigned therein shall be considered agents of and BIR for this purpose only. The contract to be executed here for shall categorically provide that the CONTRACTOR and its employees, as agents of BIR and , shall uphold strict confidentiality any information regarding the business, income or estate of any taxpayer.

f. The CONTRACTOR and its employees assigned/connected with the project detailed with the BIR shall be liable to penalties imposed under Section 270, in relation to Section 269 of the Tax Code of 1997, in case of any unlawful divulgence of any information regarding the business, income, or estate of any taxpayer.

3. PRE-TERMINATION OF CONTRACT

a. The contract for the **Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System (IRSIS)** may be pre-terminated by for any violation of the terms of the contract. In case of pre-termination, the **CONTRACTOR** shall be informed by at least thirty (30) days prior to such pre-termination.

b. In case of pre-termination, the **CONTRACTOR** shall be liable to an additional liquidated damages equivalent to $1/10^{th}$ of one percent (1%) of the contract price as provided by the Government Accounting and Auditing Manual (GAAM) and forfeiture of the Performance Security.

c. In case of pre-termination, the **CONTRACTOR** shall document and turnover to all the finished and unfinished tasks for to be able to look for another contractor to continue the project.

d. shall have the right to blacklist the **CONTRACTOR** in case of pre-termination.

4. IN WITNESS whereof the parties hereto have caused this Agreement to be executed in accordance with the laws of the Republic of the Philippines on the day and year first above written.

Signed, sealed, delivered by _____ the _____ (for the Entity)

Signed, sealed, delivered by _____ the _____ (for the Supplier).

Omnibus Sworn Statement

REPUBLIC OF THE PHILIPPINES)

CITY/MUNICIPALITY OF _____) S.S.

A F F I D A V I T

I, *[Name of Affiant]*, of legal age, *[Civil Status]*, *[Nationality]*, and residing at *[Address of Affiant]*, after having been duly sworn in accordance with law, do hereby depose and state that:

1. ***Select one, delete the other:***

   If a sole proprietorship: I am the sole proprietor of *[Name of Bidder]* with office address at *[address of Bidder]*;

   If a partnership, corporation, cooperative, or joint venture: I am the duly authorized and designated representative of *[Name of Bidder]* with office address at *[address of Bidder]*;

2. ***Select one, delete the other:***

   If a sole proprietorship: As the owner and sole proprietor of *[Name of Bidder]*, I have full power and authority to do, execute and perform any and all acts necessary to represent it in the bidding for *[Name of the Project]* of the *[Name of the APO]*;

   If a partnership, corporation, cooperative, or joint venture: I am granted full power and authority to do, execute and perform any and all acts necessary and/or to represent the *[Name of Bidder]* in the bidding as shown in the attached *[state title of attached document showing proof of authorization (e.g., duly notarized Secretary's Certificate issued by the corporation or the members of the joint venture)]*;

3. *[Name of Bidder]* is not "blacklisted" or barred from bidding by the Government of the Philippines or any of its agencies, offices, corporations, or Local Government Units, foreign government/foreign or international financing institution whose blacklisting rules have been recognized by the Government Procurement Policy Board;

4. Each of the documents submitted in satisfaction of the bidding requirements is an authentic copy of the original, complete, and all statements and information provided therein are true and correct;

5. *[Name of Bidder]* is authorizing the Head of the APO or its duly authorized representative(s) to verify all the documents submitted;

6. ***Select one, delete the rest:***

   If a sole proprietorship: I am not related to the Head of the APO, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

   If a partnership or cooperative: None of the officers and members of *[Name of Bidder]* is related to the Head of the APO, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

   If a corporation or joint venture: None of the officers, directors, and controlling stockholders of *[Name of Bidder]* is related to the Head of the APO, members of the Bids and Awards Committee (BAC), the Technical Working Group, and the BAC Secretariat, the head of the Project Management Office or the end-user unit, and the project consultants by consanguinity or affinity up to the third civil degree;

7. *[Name of Bidder]* complies with existing labor laws and standards; and

8. *[Name of Bidder]* is aware of and has undertaken the following responsibilities as a Bidder:

   a) Carefully examine all of the Bidding Documents;

   b) Acknowledge all conditions, local or otherwise, affecting the implementation of the Contract;

   c) Made an estimate of the facilities available and needed for the contract to be bid, if any; and

   d) Inquire or secure Supplemental/Bid Bulletin(s) issued for the *[Name of the Project]*.

IN WITNESS WHEREOF, I have hereunto set my hand this __ day of ___, 20__ at _____, Philippines.

_____

Bidder's Representative/Authorized Signatory

[JURAT]

* This form will not apply for WB funded projects.

AUTHORITY OF SIGNATORY

SECRETARY'S CERTIFICATE

I, ***<NAME OF CORPORATE SECRETARY>***, a duly elected and qualified Corporate Secretary of <***NAME OF COMPANY>***, a corporation duly organized and existing under and by virtue of the law of the PHILIPPINES, DO HEREBY CERTIFY, that:

I am familiar with the facts herein certified and duly authorized to certify the same;

At the regular meeting of the Board of Directors of the said Corporation duly convened and held on DATE at which meeting a quorum was present and acting throughout, the following resolutions were approved, and the same have not been annulled, revoked and amended in any way whatever and are in full force and effect on the date hereof:

RESOLVED, that ***<NAME OF CORPORATE SECRETARY>*** be, as it hereby is, authorized to participate in the bidding of ***<NAME OF PROJECT>*** (Project ID-No.) _____ by the APO Production Unit, Inc.; and that if awarded the project shall enter into a contract with the APO Production Unit, Inc; and in connection therewith hereby appoint <***COMPANY'S OFFICER>***, acting as duly authorized and designated representatives of ***<COMPANY'S NAME>***, are granted full power and authority to do, execute and perform any and all acts necessary and/or to represent ***<COMPANY'S NAME>*** in the bidding as fully and effectively as the POSITION might do if personally present with full power of substitution and revocation and hereby satisfying and confirming all that my said representative shall lawfully do or cause to be done by virtue hereof;

Name	**Designation**	**Specimen Signature**	**Specimen Initial**

RESOLVED FURTHER THAT, the ***<COMPANY'S NAME>*** hereby authorizes its President to:

(1) execute a waiver of jurisdiction whereby the ***<COMPANY'S NAME>*** hereby submits itself to the jurisdiction of he Philippine government and hereby waives its right to question the jurisdiction of the Philippine courts;

(2) execute a waiver that the ***<COMPANY'S NAME>*** shall not seek and obtain writ of injunctions or prohibition or restraining order against the BIR or any other agency in connection with this project to prevent and restrain the bidding procedures related thereto, the negotiating of and award of a contract to a successful bidder, and the carrying out of the awarded contract.

WITNESS the signature of the undersigned as such officer of the said ***<COMPANY'S NAME>*** this ***<DATE OF EXECUTION>***.

_____
(Corporate Secretary)

REPUBLIC OF THE PHILIPPINES)
CITY OF _____)S.S.

ACKNOWLEDGMENT

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20___ affiant exhibited to me his/her *(insert no. of any Govt. ID with picture & signature)* issued on _____ at _____, Philippines.

Notary Public

Until 31 December 20____

PTR No._____

Issued at:_____

Issued on:_____

TIN No. _____

AFFIX

DOCUMENTARY

Doc. No. _____

Page No. _____

Book No. _____

Series of _____.

REPUBLIC OF THE PHILIPPINES)
CITY OF _____)S.S.

A F F I D A V I T

I, <***NAME OF AFFIANT***>, <***STATE NATIONALITY***> of legal age, <***STATE STATUS***>, after having been duly sworn in accordance with law, do hereby depose and state that:

That I am the duly elected and qualified Corporate Secretary of <***NAME OF COMPANY***> , a corporation duly organized and existing under and by virtue of the law of the Philippines with office address at <***INSERT COMPANY ADDRESS***>

That the lists of stockholders are:

NAME OF STOCKHOLDER	NO. OF SHARES	PERCENTAGE OF SHAREHOLDING
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____

That I am executing this affidavit as part of the bidding requirement of <***NAME OF COMPANY***> for the <***TITLE OF THE PROJECT (PUBLIC BIDDING NO)***>.

_____

Affiant

ACKNOWLEDGMENT

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20___ affiant exhibited to me his/her /*(insert no. of any Govt. ID with picture & signature)* issued on _____ at _____, Philippines.

AFFIX

DOCUMENTARY

Notary Public
Until 31 December 20____
PTR No._____
Issued at:_____
Issued on:_____
TIN No. _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____.
REPUBLIC OF THE PHILIPPINES)

CITY OF _____)S.S.

AUTHORITY OF SIGNATORY
SPECIAL POWER OF ATTORNEY

I, _____, President of _____, a corporation incorporated under the laws of _____ with its registered office at _____, by virtue of Board Resolution No. _____ dated _____, has made, constituted and appointed _____ true and lawful attorney, for it and its name, place and stead, to do, execute and perform any and all acts necessary and/or represent _____ in the bidding of _____ as fully and effectively as corporation might do if personally present with full power of substitution and revocation and hereby confirming all that said representative shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have hereunto set may hand this _____ day of _____, 20____ at _____.

Signed in the Presence of:

_____ _____

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY)SS.

BEFORE ME, a Notary Public for and in Quezon City, Philippines, this _____ day of _____, 20_____, personally appeared:

NAME	CTC NO.	ISSUED AT/ON
_____	_____	_____
_____	_____	_____

known to me and known to be the same person who executed the foregoing instrument consisting of _____ ( ) pages, including the page whereon the acknowledgments is written and acknowledged before me that the same is his free and voluntary act and deed and that of the Corporation he represents.

WITNESS MY HAND AND NOTARIAL SEAL, at the place and on the date first above written.

Notary Public
Until 31 December 20____
PTR No._____
Issued at:_____
Issued on:_____
TIN No. _____

AFFIX

DOCUMENTARY

Doc. No. _____
Page No. _____
Book No. _____
Series of _____.

Bank Guarantee Form for Advance Payment

To: *[name and address of APO]*

[name of Contract]

Gentlemen and/or Ladies:

In accordance with the payment provision included in the Special Conditions of Contract, which amends Clause 10 of the General Conditions of Contract to provide for advance payment, *[name and address of Supplier]* (hereinafter called the "Supplier") shall deposit with the APO a bank guarantee to guarantee its proper and faithful performance under the said Clause of the Contract in an amount of *[amount of guarantee in figures and words]*.

We, the *[bank or financial institution]*, as instructed by the Supplier, agree unconditionally and irrevocably to guarantee as primary obligator and not as surety merely, the payment to the APO on its first demand without whatsoever right of objection on our part and without its first claim to the Supplier, in the amount not exceeding *[amount of guarantee in figures and words]*.

We further agree that no change or addition to or other modification of the terms of the Contract to be performed thereunder or of any of the Contract documents which may be made between the APO and the Supplier, shall in any way release us from any liability under this guarantee, and we hereby waive notice of any such change, addition, or modification.

This guarantee shall remain valid and in full effect from the date of the advance payment received by the Supplier under the Contract until *[date]*.

Yours truly,

Signature and seal of the Guarantors

[name of bank or financial institution]

[address]

[date]

REPUBLIC OF THE PHILIPPINES)
CITY OF _____) S.S.

x----------x

BID-SECURING DECLARATION

Invitation to Bid/Request for Expression of Interest No.[5]: *[Insert reference number]*

To: *[Insert name and address of the Procuring Entity]*

I/We[6], the undersigned, declare that:

1. I/We understand that, according to your conditions, bids must be supported by a Bid Security, which may be in the form of a Bid-Securing Declaration.

2. I/We accept that: (a) I/we will be automatically disqualified from bidding for any contract with any procuring entity for a period of two (2) years upon receipt of your Blacklisting Order; and, (b) I/we will pay the applicable fine provided under Section 6 of the Guidelines on the Use of Bid Securing Declaration[7], if I/we have committed any of the following actions:

   (i) Withdrawn my/our Bid during the period of bid validity required in the Bidding Documents; or

   (ii) Fail or refuse to accept the award and enter into contract or perform any and all acts necessary to the execution of the Contract, in accordance with the Bidding Documents after having been notified of your acceptance of our Bid during the period of bid validity.

3. I/We understand that this Bid-Securing Declaration shall cease to be valid on the following circumstances:

   (a) Upon expiration of the bid validity period, or any extension thereof pursuant to your request;

---

[5] *Select one and delete the other.*

[6] *Select one and delete the other. Adopt same instruction for similar terms throughout the document.*

[7] *Issued by the GPPB through GPPB Resolution 03-2012 on 27 January 2012.*

(b) I am/we are declared ineligible or post-disqualified upon receipt of your notice to such effect, and (i) I/we failed to timely file a request for reconsideration or (ii) I/we filed a waiver to avail of said right;

(c) I am/we are declared as the bidder with the Lowest Calculated and Responsive Bid/Highest Rated and Responsive Bid[8], and I/we have furnished the performance security and signed the Contract.

IN WITNESS WHEREOF, I/We have hereunto set my/our hand/s this ____ day of *[month] [year]* at *[place of execution]*.

[Insert NAME OF BIDDER'S AUTHORIZED REPRESENTATIVE]
[Insert signatory's legal capacity]
Affiant

SUBSCRIBED AND SWORN to before me this __ day of *[month] [year]* at *[place of execution]*, Philippines. Affiant/s is/are personally known to me and was/were identified by me through competent evidence of identity as defined in the 2004 Rules on Notarial Practice (A.M. No. 02-8-13-SC). Affiant/s exhibited to me his/her *[insert type of government identification card used]*, with his/her photograph and signature appearing thereon, with no. _____ and his/her Community Tax Certificate No. _____ issued on _____ at _____.

Witness my hand and seal this ___ day of *[month] [year].*

NAME OF NOTARY PUBLIC
Serial No. of Commission _____
Notary Public for _____ until _____
Roll of Attorneys No. _____
PTR No. __, *[date issued], [place issued]*
IBP No. __, *[date issued], [place issued]*

Doc. No. ___
Page No. ___
Book No. ___
Series of ____.

[8] *Select one and delete the other.*

Annex A
Project Reference Number
Name of Project
Location of the Project

BIR Prescribed Format Based on Revised IRR of R.A. 9184
Revised on: September 2, 2009

List of all Ongoing Government & Private Contracts including contracts awarded but not yet started

Business Name : _____
Business Address : _____

Name of Contract/ Project Cost	a. Owner's Name (Private) & Contact Person / HOPE's Name (Govt.) & Contact Person b. Address c. Telephone Nos.	Nature of Work	Bidder's Role		a. Date Awarded b. Date Started c. Date of Completion	% of Accomplishment		Value of Outstanding Works / Undelivered Portion	"Similar" or "not similar" in nature and in complexity
			Description	%		Planned	Actual		
Government (HOPE's Name)									
Private (Owner's Name)									
						Total Cost			

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20__, in the City_____, Philippines.

_____
Affiant

SUBSCRIBED AND SWORN TO before me this _____, day of _____ 20_____, affiant exhibiting to me his/her *(insert no. of any gov't ID with picture & signature)* issued on _____ at _____, Philippines.

_____
Notary Public

AFFIX DOCUMENTARY STAMP

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 20_____

Until _____
PTR No. _____
Date _____
Place _____
TIN _____

Note:

1. *Sworn/under oath statement/affidavit shall be executed by the duly authorized signatory, with the corresponding documentary stamps and latest notarization.*
2. *All notarization shall be made in accordance with the provisions of the 2004 Rules on Notarial Practice as prescribed by the Supreme Court of the Philippines.*

Prescribed Format Based on Revised IRR of R.A. 9184
Revised on: September 2, 2009

Statement of all Government & Private Contracts completed which are similar in nature

Business Name : _____
Business Address : _____

Name of Contract	a. Owner's Name (Private) & Contact Person / HOPE's Name (Govt.) & Contact Person b. Address c. Telephone Nos.	Nature of Work	Bidder's Role		a. Amount at Award b. Amount at Completion c. Duration	a. Date Awarded b. Contract Effectivity c. Date Completed d. Date of Acceptance	"Similar" or "not similar" in nature and in complexity
			Description	%			
Government (HOPE's Name)							
Private (Owner's Name)							

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 20__, in the City_____, Philippines.

_____
Affiant

SUBSCRIBED AND SWORN TO before me this _____, day of _____ 20_____, affiant exhibiting to me his/her *(insert no. of any gov't ID with picture & signature)* issued on _____ at _____, Philippines.

_____
Notary Public

AFFIX DOCUMENTARY STAMP

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 20_____

Until _____
PTR No. _____
Date _____
Place _____
TIN _____

Note:

1. *Sworn/under oath statement/affidavit shall be executed by the duly authorized signatory, with the corresponding documentary stamps and latest notarization.*
2. *All notarization shall be made in accordance with the provisions of the 2004 Rules on Notarial Practice as prescribed by the Supreme Court of the Philippines.*
3. *SINGLE LARGEST SIMILAR COMPLETED CONTRACT must be highlighted in the list. (Section 23.5.1.3 of the Revised IRR of R.A. 9184)*

Standard Form Number: SF-GOOD-14
Revised on: May 24, 2004

FINANCIAL DOCUMENTS FOR ELIGIBILITY CHECK

A. Summary of the Applicant Supplier's/Distributor's/Manufacturer's assets and liabilities on the basis of the attached income tax return and audited financial statement, stamped "RECEIVED" by the Bureau of Internal Revenue or BIR authorized collecting agent, for the immediately preceding year and a certified copy of Schedule of Fixed Assets particularly the list of construction equipment.

		Year 20__
1.	Total Assets	
2.	Current Assets	
3.	Total Liabilities	
4.	Current Liabilities	
5.	Net Worth (1-3)	
6.	Net Working Capital (2-4)	

B. The Net Financial Contracting Capacity (NFCC) based on the above data is computed as follows:

NFCC = K (current asset – current liabilities) minus value of all outstanding works under ongoing contracts including awarded contracts yet to be started

NFCC = P _____

K = 20 for a contract duration of more than two years

or

Commitment from a licensed bank to extend to it a credit line if awarded the contract in the amount of at least 10% of the proposed project to bid.

Name of Bank: _____ Amount: _____

Herewith attached are certified true copies of the income tax return and audited financial statement: stamped "RECEIVED" by the BIR or BIR authorized collecting agent for the immediately preceding year and the certificate of commitment from a licensed bank to extend a credit line.

Submitted by:

_____

Name of Supplier / Distributor / Manufacturer

_____

Signature of Authorized Representative

Date : _____

NOTE:

1. If Partnership or Joint Venture, each Partner or Member Firm of Joint Venture shall submit the above requirements.

Standard Form Number: SF-GOOD-15
Revised on: July 28, 2004

CREDIT LINE CERTIFICATE

Date:_____

Name of the Head of the Procuring Entity
Name of the Procuring Entity
Address of the Procuring Entity

CONTRACT/PROJECT : _____

COMPANY/FIRM :_____

ADDRESS :_____

_____

BANK/FINANCING INSTITUTION :_____

ADDRESS :_____

_____

AMOUNT :_____

This is to certify that the above Bank/Financing Institution with business address indicated above, commits to provide the *<Supplier/Distributor/Manufacturer/Contractor>*, if awarded the above-mentioned Contract, a credit line in the amount specified above which shall be exclusively used to finance the performance of the above-mentioned contract subject to our terms, conditions and requirements.

The credit line shall be available within fifteen (15) calendar days after receipt by the *<Supplier/Distributor/Manufacturer/Contractor>* of the Notice of Award and such line of credit shall be valid until *<Project Duration>*.

This Certification is being issued in favor of said *<Supplier/Distributor/Manufacturer/Contractor>* in connection with the bidding requirement of *(Name of the Procuring Entity)* for the above-mentioned Contract. We are aware that any false statements issued by us make us liable for perjury.

Name and Signature of Authorized
Financing Institution Officer : _____
Official Designation : _____

Concurred By:

Name & Signature of <*Supplier/Distributor/Manufacturer/Contractor*>'s
Authorized Representative : _____
Official Designation : _____

Note:

The amount committed should be machine validated.

ACKNOWLEDGMENT

SUBSCRIBED AND SWORN to before me this _____ day of _____, 20___, affiant exhibited to me his/her Community Tax Certificate No. _____ issued on _____ at _____, Philippines.

AFFIX

DOCUMENTARY

Notary Public
Until 31 December 20____
PTR No._____
Issued at:_____
Issued on:_____
TIN No. _____

Doc. No. _____
Page No. _____
Book No. _____
Series of _____.

TERMS OF REFERENCE

PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)

BACKGROUND

Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, as amended by Republic Act No. 10351, explicitly prescribes the use of internal revenue stamps, whether of a barcode or fuson design or other markings that should be firmly and conspicuously affixed on each pack of cigars and cigarettes.

It is a well-settled rule that an internal revenue stamp (if genuine) affixed on every pack of cigars and cigarettes is a prima facie proof that the excise tax due on each pack has been duly paid by the manufacturer or importer thereof. Moreover, several studies show that the affixture of stamps on these tobacco products is one of the most effective control mechanisms to ensure the collection of excise tax. The absence of this control would, therefore, lead to difficulty in properly administering the said tax, and to the erosion of collection from value-added and income taxes, in addition to excise tax.

This Terms of Reference ("TOR") refers to the procurement of security features and delivery of an Internal Revenue Stamps Integrated System (IRSIS) (with ordering, distribution and monitoring system) and right to use the amalgamation of security features (including the development of the design of excise tax stamps) for cigarette products. The IRSIS shall achieve the primary objective of ensuring the collection of correct excise taxes on cigarette products.

I. DEFINITION OF TERMS:

APO	Refers to APO Production Unit, Inc.
Authenticate	Means to ensure that the Stamp being verified is genuine.
BIR	The Bureau of Internal Revenue.
Contractor	Means the third-party provider, which wins in the public bidding conducted by APO in accordance with the requirements of Republic Act No. 9184 (as amended), otherwise known as the Government Procurement Reform Act, to provide the IRSIS and the amalgamation of security features (including the development of design of the Stamps) for cigarette products.

Covert Security Feature	A feature in the Stamp which is: - Invisible or disguised in such a way that the information or feature contained within is not readily apparent upon unaided visual inspection; - Difficult to counterfeit in such a way that the Stamps cannot be altered or reproduced through photocopying, digital scanning or other means, i.e., the resulting copy will not be capable of being authenticated as a valid stamp through the use of a verification device; - Identifiable through another means other than the naked eye; and - Can be authenticated by using a verification device.
Equipment	The hardware of the IRSIS together with the Mobile Verification Device and other hardware components for the use by the BIR.
Internal Revenue Stamps Integrated System (IRSIS)	The web-based application system to be procured by APO from a well-known provider, which wins in the public bidding, with a proven track record in developing sophisticated systems for the ordering, distribution and monitoring of Stamps and payment of excise taxes in accordance with this TOR.
Invalid Stamp	Any stamp that does not meet the definition of a Stamp. Examples of invalid stamps include, but are not limited to: - An unauthorized stamp; - Any stamp upon which an overt security feature is not visible or apparent; - Any stamp so damaged or defective that the covert security features cannot be authenticated or identified; or - Any stamp damaged or defective such that the overt features or the overt security features cannot be identified.
Overt Feature	A feature in a Stamp which is: - Visible and readily apparent to the naked eye without the use of a verification device, and

	- Indicates, but is not limited to: • The type of stamp; • Tax classification; and • The country logo.
Overt Security Feature	A feature in a Stamp which is: - Visible upon unaided visual inspection and - Difficult to counterfeit, such as, but not limited to: • Texture; • Color Shifting; and • Secured Ink.
Prototype Stamp	Refers to any sample Stamp provided by APO and approved by the BIR.
Stamp Design	refers to combination of overall presentation, overt features, overt security features, and covert security features of the Stamp.
TOR	Terms of Reference.
Stamp/s	refers to tamper-proof internal revenue stamps prescribed under Section 8 of Republic Act No. 8424, otherwise known as the Tax Reform Act of 1997, as amended by Republic Act No. 10351, designed in accordance with this TOR and approved by the BIR indicating the payment of excise tax by the cigarette manufacturers and importers.
Type of Stamps	The Stamps that fall into the tax classification packed by hand and packed by machine (high and low) for domestic, export or imported cigarettes.
Mobile Verification Devices	The devices used to authenticate the covert security feature(s) within a Stamp.
UAT	refers to User Acceptance Test
SSL	refers to Secure Sockets Layer
NTP	refers to Notice to Proceed

II. DURATION OF THE CONTRACT

The contract for the **PROCUREMENT OF SECURITY FEATURES AND DELIVERY OF INTERNAL REVENUE STAMPS INTEGRATED SYSTEM (IRSIS)** (the "*Contract*") shall be for a period of five (5) years from the receipt by the CONTRACTOR of a Notice to Proceed ("*NTP*").

III. COMPANY REQUIREMENT:

3.1 The CONTRACTOR shall be a firm/company with relevant experience in producing tamper- proof stamps and in developing web-based systems for the generation of codes of personalization, ordering, monitoring and distribution of stamps with the following qualifications:

3.1.1 Should be ISO 9000 Certified or if no ISO certification is being issued in the country of origin, any equivalent certification recognized internationally as of date of bidding.

3.1.2 At least ten (10) years continuous experience immediately preceding the date of bid submission in providing security features for stamps, banknotes, identity documents and other securitized documents

3.1.3 At least five (5) years continuous experience immediately preceding the date of bid submission in developing a web-based ordering, distribution and monitoring system.

IV. SCOPE OF WORK AND SPECIFICATIONS:

4.1 Inception Report

The CONTRACTOR shall submit to APO an Inception Report within two (2) weeks from its receipt from APO of the NTP. The Inception Report must contain the project timetable, milestones, deliverables, resource requirements, roles and responsibilities of its project team. BIR and APO shall approve the Inception Report and issue the Certificate of Acceptance to the CONTRACTOR.

4.2 User Requirements Gathering and Documentation

4.2.1 The CONTRACTOR shall perform an in-depth analysis of the technical, business and user requirements specified in **Annex A-1** and **Annex A-2** to identify, among other things, the data required to be captured by the system and all the required system generated reports for domestically manufactured and imported cigarettes.

The Internal Revenue Stamps Integrated System (IRSIS) shall contain following modules:

4.2.1.1 Ordering and Distribution Modules; and
4.2.1.2 Monitoring Module and Report Generation

4.2.2 The CONTRACTOR shall submit the System Requirement Specifications of the IRSIS in hard and soft copies within two (2) months from receipt of NTP as evidenced by the Certificate of Acceptance issued by APO and BIR.

4.3 IRSIS Development

The CONTRACTOR shall deliver a web-based system within four (4) months from receipt of NTP. The Contractor shall configure the IRSIS based on the process flow for the ordering, payment, distribution and monitoring of the Internal Revenue Stamps as provided for in Annex **"A-3"** of this TOR.

APO with the approval of BIR shall issue a Certificate of UAT Readiness as evidence for readiness for functional and technical testing.

4.4 IRSIS Acceptance

The **CONTRACTOR** shall ensure that successfully pass the IRSIS containing the Ordering, Distribution and Monitoring Modules for Internal Revenue Stamps User Acceptance Testing (UAT) within five (5) months from receipt of NTP. A Certificate of Acceptance shall be issued by APO and BIR.

4.5 IRSIS Documentations

The CONTRACTOR shall submit to BIR and APO the following documentations in hard and soft copies within six (6) months from receipt of NTP as evidenced by Certificate of Acceptance issued by APO and BIR.

4.5.1 Programming Specifications and Source Codes (soft copy only)
4.5.2 Operations and Users Manual
4.5.3 Job Aids for Internal and External Users

4.6 Training Requirements.

The **CONTRACTOR** shall provide orientation and training at no additional cost to BIR and APO as follows:

Training for Cigarette Manufacturers, BIR and APO Users	**Number of Participants**	**Duration**	**Proof of Conduct**
4.6.1 Executive Orientation	At least 10	4 hours	RSO, Certificate of Attendance
4.6.2 User's Training	At least 20	16 hours	RSO, Certificate of Training of the participants
4.6.3 Technical Courses such as:			
• Database and System Administration of the software	At least 5	40 hours	RSO, Certificate of Training of the participants
• Software Development tools	At least 5	40 hours	

Orientation and training shall be conducted within six (6) months from receipt of NTP. Technical Courses shall be accompanied by Technical Manuals and User Manuals for the Users' Training.

4.7 Technical Infrastructure and Support

4.7.1 The CONTRACTOR shall deliver the required equipment, hardware, and software, including but not limited to the following:

a. System Storage Dual Controller (Fiber Attach)
b. Data and exchange server
c. Development of the IRSIS and UAT Server
d. Primary Servers
e. Switched Rack PDU
f. Smart-UPS Modular 3000VA 120V Rack mount/Tower
g. Tape Library
h. Other equipment (i.e., routers, gateways, smart switches, server rack cabinets, etc.)
i. 80 Mobile Verification Devices (with duly issued NTC Certifications)
j. 20 Brand new/Branded Desktops/PCs

k. 20 Brand new/Branded Tablets

4.7.2 The CONTRACTOR shall ensure that the system is up and running with an availability level of 99.75% or its equivalent downtime of one (1) hour and forty-eight (48) minutes.

4.7.3 The CONTRACTOR shall deliver all items enumerated in Section 4.7.1, including software components (i.e. application and database licenses, SSL Certificate etc.) and all auxiliary equipment of the IRSIS shall be delivered to APO's designated plant within two (2) months from receipt of NTP, and shall be turned over to the BIR at no additional cost, at the expiration of the term of the Contract.

4.7.4 The CONTRACTOR shall provide technical support services once the system is in production up to the expiration of the warranty period, as logged in the BIR Help Desk Issues Management Log.

See issue classification below:

Severity level	Description	Resolution time
BLOCKER	users cannot proceed in using the system or execution of the module due to this error	4 hrs
HIGH	not an execution blocker but is a blocker for operations (e.g., missing function; impairs data integrity, etc.)	8 hrs
MEDIUM	not an execution blocker and not a blocker for operations (e.g., column header is not descriptive, trash screen displayed, etc.)	16 hrs
LOW	Standard infractions (e.g., displayed fields are not aligned, etc.)	32 hrs

4.8 IRSIS Implementation

4.8.1 The CONTRACTOR shall deliver, install, configure, migrate and make operational all the necessary hardware and software components (i.e., application and database licenses, SSL certificate, etc.) of the IRSIS for the production environment two weeks after the System Acceptance.

The items enumerated in Section 4.7.1 and all auxiliary equipment of the IRSIS shall be delivered to APO's designated plant and shall be turned over by the CONTRACTOR to the BIR at no additional cost, at the expiration of the term.

4.8.2 The CONTRACTOR shall ensure that the IRSIS is operational and implemented to production within six (6) months from receipt of NTP. A Certificate of System Operationability shall be issued by APO and BIR.

4.8.4 The IRSIS and all auxiliary equipment and mobile verification devices shall be periodically maintained in accordance with the specifications set forth in **Annex A-2**, and when necessary, upgraded by the CONTRACTOR for the use by APO and the BIR for the duration of this project at no additional cost to both APO and BIR.

4.9 Delivery of Mobile Verification Device

The CONTRACTOR shall deliver eighty (80) Mobile Verification Device for verifying the authenticity of the Internal Revenue Stamps within two (2) months from receipt of NTP. The CONTRACTOR shall demonstrate to APO and BIR that the proposed verification device meets the defined performance and operational requirements as set forth in **Annex A-2** of this TOR.

4.10 Internal Revenue Stamp Specifications

4.10.1 Security Features

4.10.1.1 Tamper proof in a manner that stamps cannot be removed without being mutilated, obliterated, or otherwise altered.

4.10.1.2 With both overt and covert security and tracking features.

Two (2) Overt Security Features, excluding micro text and deliberate error, which is part of APO's base printing.

- One of which is intricate fine lines of aesthetic design
- One of Contractor's choice of overt Security Feature

Three (3) Covert Features, excluding the use of invisible security inks, which is part of APO's base printing.

- Two (2) second level covert security classification
- One (1) 3rd level (forensic classification) that can be authenticated via special laboratory equipment/ instruments available in the Philippines

4.10.1.3 One Hundred Percent (100%) readable by mobile verification device.

4.10.1.4 Resistant to ordinary wear and tear (quality of material).

4.10.1.5 With unique stamp design and color-coded for each tax class.

4.10.1.6 Stamps must be designed to self-destroy should an attempt be made to peel them off the cigarette package

4.10.2 Design Features

4.10.2.1 The Internal Revenue Stamp shall have an overall measurement of 23mm x 43 mm.

4.10.2.2 Must be color-coded for each tax class in accordance with **Annex A-1**.

4.10.2.3 The Internal Revenue Stamp will be affixed through a strong adhesive on each pack of cigarettes. The Internal Revenue Stamp will be affixed by the manufacturer directly to the individual pack of cigarette prior to the wrapping of cellophane.

4.11 Submission of Proposed Design of the Internal Revenue Stamp

4.11.1 The **CONTRACTOR** shall submit a proposal for the design of the internal revenue stamp to APO within forty five (45) calendar days from receipt of NTP and ensure the correctness of the content of the internal revenue stamps at all times as specified in Section 4.10. The proposed design shall be submitted to APO which shall be forwarded to the BIR's Chief of the Large Taxpayers Field Operations Division ("LTFOD") for the approval of the Assistant Commissioners ("ACIR") of the Large Taxpayers' Service ("LTS"). The Chief of the LTFOD shall return the approved design to APO within seven (7) working days from receipt of the proposed design.

4.11.2 The **CONTRACTOR** shall within two (2) weeks from receipt of the approved design, provide the BIR's Chief LTFOD in coordination with APO the actual printed Prototype Stamp or digital lay-out of the Internal Revenue Stamps (whichever is applicable) for the approval by the ACIR of LTS. BIR and APO shall approve the Prototype of the Internal Revenue Stamps within two (2) weeks from the receipt of such printed Prototype of the Internal Revenue Stamps, or the digital lay-out thereof, whichever is applicable. The evidence of the final approval by the BIR of the Prototype of the Internal Revenue Stamp is a Certificate of Acceptance which shall be issued within three (3) weeks after receipt of the approved prototype.

The BIR shall have the right to test any Prototype of the Internal Revenue Stamps to determine if the Internal Revenue Stamp meets the specifications for the stamp design as outlined in this TOR.

4.11.3 The **CONTRACTOR** shall address all design modifications on the Internal Revenue Stamps and their impact on the application system brought about by changes in policy or regulation.

4.11.4 The CONTRACTOR shall, within three (3) years from the time the Stamps have been first distributed to various tobacco manufacturers, modify and upgrade the design of the Stamps, subject to the final approval by the BIR and at no additional cost to APO and the BIR.

4.11.5 When the stamps security features have been compromised, the **CONTRACTOR** shall redesign a new stamp version to replace the compromised stamp within two (2) weeks, upon the approval of BIR and APO. The redesigned stamp shall be approved by BIR and APO before printing. Any cost of the redesign stamp shall be solely borne out by the CONTRACTOR.

4.12 Delivery of the Security Features of the Stamp

4.12.1 The Contractor shall deliver the security features (that shall form an integral part of the Stamps) to APO within the mandatory periods set forth below:

INITIAL DELIVERY	MONTHLY DELIVERY
Within fifteen (15) calendar days upon turn-over of base material from APO	as per monthly order by Cigarette Manufacturers

4.12.2 Should there be any variation as to the actual volume of stamps ordered, there will be no changes in the unit price.

V. RESPONSIBILITIES OF CONTRACTOR:

5.1 All employees and personnel of the Contractor shall be required by the BIR and APO to sign a non-disclosure agreement.

5.2 The CONTRACTOR shall assign a Project Officer to oversee the project engagement and to be a single point of contact of APO and BIR.

5.3 The CONTRACTOR shall submit a sworn affidavit that its Board of Directors and Officers are not related to any members of the Board of Directors and Officers of the manufacturers of cigarettes by consanguinity or affinity up to the fourth civil degree and has no business relationship with or financial interest in any Cigarette Manufacturer or any of their affiliated banks or

financial institutions. Failure to comply with the aforementioned provision shall be a ground for the automatic disqualification of the bid.

VI. SERVICE LEVEL AGREEMENT

APO shall maintain a Service Level Agreement (SLA) with the **CONTRACTOR**, with provision for liquidated damages for their non-compliance for the duration of the Contract.

COMPONENT	DESCRIPTION	LIQUIDATED DAMAGES
a. Inception Report	Submission of an Inception Report two (2) weeks from receipt of NTP.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
b. System Requirements Specifications	Delivery of the System Requirements Specifications in hard and soft copies within two (2) months from receipt of NTP as evidenced by Certificate of Acceptance.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
c. System Development	Delivery of developed system as well as the necessary hardware and software for development and UAT as evidenced by a Certificate of UAT Readiness within four (4) months from receipt of NTP.	1/10 of one percent (1%) of software cost shall be imposed per day of delay
d. Technical Infrastructure	The CONTRACTOR shall deliver the required Equipment, hardware, and software as specified in Sec. 4.7.1 and 4.7.2	1/10 of one percent (1%) of hardware cost shall be imposed per day of delay
e. IRSIS Operationability	Delivery, installation, configuration, migration and operationability of all the necessary hardware and software components (i.e., application and database licenses, SSL	1/10 of one percent (1%) of software cost and hardware cost shall be imposed per day of delay

COMPONENT	DESCRIPTION	LIQUIDATED DAMAGES
	certificate, etc.) for production environment two weeks after the UAT without additional cost to the BIR. IRSIS is operational and implemented to production within six (6) months from receipt of NTP. A Certificate of System Operationability shall be issued by BIR and APO as proof of system operationability.	
f. Acceptance of Prototype Internal Revenue Stamps	The **CONTRACTOR** shall submit a proposal and prototype of the Internal Revenue Stamps as specified in Sections 4.11.3 and 4.11.4	1/10 of one percent (1%) of software cost shall be imposed per day of delay
g. Change in Design of Internal Revenue Stamps	a. Compromised Stamps Security Features The **CONTRACTOR** shall redesign a new stamp within two (2) weeks from BIR approval. b. Modify and Upgrade the Design of stamps within three (3) years from the time the Stamps have been first distributed to various tobacco manufacturers	1/10 of one percent (1%) of software cost shall be imposed per day of delay
h. Maintenance of IRSIS and all auxiliary equipment and mobile verification	The CONTRACTOR shall periodically maintain the IRSIS and all auxiliary equipment and mobile verification devices in accordance with the	1/10 of one percent (1%) of the software cost and hardware cost shall be imposed per day of delay

COMPONENT	DESCRIPTION	LIQUIDATED DAMAGES
	specifications set forth in Annex A-2, and when necessary, upgraded for the use by APO and the BIR after six (6) months from the receipt of the NTP until the end of the duration of this Contract. The CONTRACTOR shall ensure that the system is up and running with an availability level of 99.75% of its equivalent downtime of one (1) hour and forty-eight (48) minutes	

Penalties incurred for components "a to f", if any, shall be deducted from the first monthly billing (after six months). For penalties incurred for components "g and h", if any, shall be deducted in the monthly billings.

VII. TERMS OF PAYMENT

7.1 The CONTRACTOR shall be paid monthly, based on the number of stamps delivered less any penalties incurred for the period specified in the SLA, subject to the required Expanded Withholding tax (EWT) of two percent (2%) and Final Withholding VAT of five percent (5%).

7.2 Monthly payment shall be made within reasonable time from submission of Certificate of Acceptance Report issued by APO and BIR, as well as APO's Audit, Inspection and Acceptance Certificate and all other required documents based on existing accounting and auditing laws, rules and regulations.

7.3 No advance payment shall be made as provided in Section 88 of PD 1445.

7.4 The CONTRACTOR shall present to APO an updated proof of its payments of final withholding taxes on income and VAT at 30% and 12% respectively based on the gross amount thereof by submitting duly validated BIR Forms 1601F and 1600 and deposit slip/official receipt evidencing tax remittance on royalties relative to its periodic remittances to its foreign owners/licensors before APO makes any payment when applicable. The 30% shall, however, be reduced to the applicable tax treaty rate if the foreign owner/licensor is a resident of a country which has an existing tax treaty

with the Philippines and its entitlement to such treaty rate has been confirmed by a ruling issued for that purpose pursuant to existing issuances.

VIII. WARRANTIES OF THE CONTRACTOR

8.1 The **CONTRACTOR** warrants that it shall conform strictly with all the terms and conditions of this Terms of Reference.

8.2 The **CONTRACTOR** warrants that the development, conversion, integration, and migration activities shall not nullify/invalidate any provision of the existing licenses.

8.3 The **CONTRACTOR** ensures that the IRSIS delivered meets BIR and APO requirements.

8.4 The **CONTRACTOR** warrants that the customized source codes and documentation of application development, integration, migration and implementation shall be turned-over to the BIR upon termination of the duration of the Contract. The final compiled updated version of the source codes and documentation as set forth in Annex A-2, Section 13 shall be turned-over to the BIR after the contract period.

8.5 The **CONTRACTOR** warrants that it has the necessary technical and logistical capabilities to deliver the Stamp Design to APO within the mandatory periods set forth in Section 4.12 of this TOR.

8.6 The **CONTRACTOR** warrants, represents and undertakes reliability of the services and that their employees are hardworking, qualified/reliable and dedicated to do the service required to the satisfaction of the APO and BIR. It shall employ well-behaved and honest employees with ID displayed conspicuously while working within the compound. It shall not employ BIR and APO employees to work in any category whatsoever.

8.7 The **CONTRACTOR** shall comply with the laws governing employer's compensation, PhilHealth, Social Security and labor standards, and other laws, rules and regulations, applicable to the personnel employed by **CONTRACTOR** on account of the contracted services. The **CONTRACTOR** shall pay its personnel not less than the minimum wage and other benefits mandated by law.

8.8 The **CONTRACTOR** in the performance of its services shall secure, maintain at its own expense all registration, licenses or permits required by National or Local Laws and shall comply with the rules, regulations and directives of Regulatory Authorities and Commissions. The **CONTRACTOR** undertakes to pay all fees or charges payable to any instrument of government or to any

other duly constituted authority relating to the use or operation of the installation.

8.9 The **CONTRACTOR**'s personnel shall take all necessary precautions for the safety of all persons and properties at or near their area of work and shall comply with all standard and established safety regulations, rules and practices.

8.10 The **CONTRACTOR** shall coordinate with the authorized and/or designated APO personnel in the performance of their jobs.

8.11 The **CONTRACTOR** shall be liable for loss, damage or injury due to the fault or negligence of its personnel. It shall assume full responsibility therefore and APO shall be specifically released from any and all liabilities arising therefrom.

8.12 The **CONTRACTOR** shall neither assign, transfer, pledge nor subcontract any part or interest therein.

IX. CONFIDENTIALITY OF INFORMATION

9.1 The **CONTRACTOR** shall document detailed procedures/techniques in identifying system *security risks and breaches* and how such shall be handled.

9.2 All project staff of the **CONTRACTOR** shall be required to sign a non-disclosure agreement.

9.3 The BIR and APO Information system, its components, parts and all products, product samples and specifications, data, ideas, technology, and technical and non-technical materials, all or any of which may be derived from any of the foregoing (all of which, individually and collectively, referred to as "Proprietary Information") are confidential and proprietary to the BIR and APO.

9.4 The CONTRACTOR agrees to hold the Proprietary Information in strict confidence. CONTRACTOR furthermore agrees not to reproduce, transcribe, or disclose the Proprietary Information to third parties without prior written approval of the BIR.

9.5 To ensure the confidentiality of all information that will come to the knowledge of the CONTRACTOR and its employees detailed with APO, the CONTRACTOR and its employees assigned therein shall be considered agents of APO and BIR for this purpose only. The contract to be executed here for shall categorically provide that the CONTRACTOR and its employees, as

agents of BIR and APO, shall uphold strict confidentiality any information regarding the business, income or estate of any taxpayer.

9.6 The CONTRACTOR and its employees assigned/connected with the project detailed with the BIR shall be liable to penalties imposed under Section 270, in relation to Section 269 of the Tax Code of 1997, in case of any unlawful divulgence of any information regarding the business, income, or estate of any taxpayer.

X. PRE-TERMINATION OF CONTRACT

10.1 The contract for the **Procurement of Security Features and Delivery of Internal Revenue Stamps Integrated System (IRSIS)** may be pre-terminated by APO for any violation of the terms of the contract. In case of pre-termination, the **CONTRACTOR** shall be informed by APO at least thirty (30) days prior to such pre-termination.

10.2 In case of pre-termination, the **CONTRACTOR** shall be liable to an additional liquidated damages equivalent to 1/10th of one percent (1%) of the contract price as provided by the Government Accounting and Auditing Manual (GAAM) and forfeiture of the Performance Security.

10.3 In case of pre-termination, the **CONTRACTOR** shall document and turnover to APO all the finished and unfinished tasks for APO to be able to look for another contractor to continue the project.

10.4 APO shall have the right to blacklist the **CONTRACTOR** in case of pre-termination.

Prepared/Submitted by:

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Lilia C. Guillermo
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Annex A-1

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION
SYSTEM FUNCTIONALITIES		
Ordering and Distribution Modules (Sec. 3.2.1.1 of the TOR)		**IRSIS must be able to handle on-line ordering/request of stamps by cigarette manufacturers or importers as well as on-line approval of stamps by BIR in real-time**
	a. Computation and Verification of payments	The IRSIS should be able to compute and check/verify payments made thru eFPS, on excise tax before orders will be released to the taxpayers. The IRSIS should be able to compute the printing cost of the stamps ordered. BIR should be able to approve printing and releasing of stamps. IRSIS should be able to segregate the quantity of stamps per tax class already approved and released. Excise tax will be computed against the quantity of stamps ordered per tax class and the IRSIS tax table (BIR CONTROL) The IRSIS should be able to segregate the amount already used during the ordering process
	b. Module for Spoilage and Replacement of Stamps	IRSIS must be able to monitor stamp spoilages and request for replacement as well as online approval of request.
	c. Online request and approval for replacement of spoilages	Capability to request and approve replacement of stamps
	d. Facility to record/monitor alphanumeric codes of stamps that were approved for replacement	IRSIS should provide historical records of alphanumeric codes of stamps that were approved for replacement per tax classification/per taxpayer

Annex A-1

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION
Monitoring System (Section 3.2.1.2 of the TOR)		
	a. Monitoring of stamps inventory level	IRSIS should contain a module that will enable to monitor quantity and alphanumeric codes of stamps requisitioned/ordered, delivered, affixed on produced cigarettes and unaffixed or unused (including spoilages) per tax classification stamps
	b. Monitoring of the number of packs of cigarettes with affixed stamps	• IRSIS should have the capability to monitor the serial numbers affixed on the packs of cigarettes but not reported as removals from the place of production • IRSIS should have the capability to monitor the quantity of stamps per tax classification affixed on the packs of cigarettes reported as removals from the place of production.
	c. Capability to reconcile quantity of stamps requisitioned and delivered per tax classification	IRSIS must have the capability to reconcile the quantity, alphanumeric codes, and tax due per tax classification of requisitioned and delivered stamps
	d. View online on the status of orders and deliveries	Taxpayers and BIR users must be able to view online the status of orders for stamps and deliveries
REPORT GENERATION (Section 3.2.1.2 of the TOR)		
	Periodic Generation of Daily, Weekly, Monthly, Quarterly, Semestral and Annual Reports	**Automatic Generation of periodic reports containing the following information**
	a. Stamps Account	Reports containing data on quantity of stamps requisitioned/ affixed/unaffixed/removed for destruction or replacement of stamps for local and imported cigarettes

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION
		- per company/taxpayer
		- per tax classification
		- over all total volume of requisition stamps
	b. Excise tax due/paid on stamps ordered for cigarettes (local & imported)	Reports containing the balances of deposits and excise tax due on ordered stamps
		- per company/taxpayer
		- per tax classification
	c. Spoilages for replacement	Reports containing data on volume and alphanumeric codes of stamps a) per request b) approved c) disapproved
		- per company/taxpayer
		- per tax classification
	d. Discrepancy Report	Report with system generated control number
	e. Ad hoc reports / exception reports	- reports necessary upon implementation of the project
		- unmatched order vs. delivery (# of stamps per tax classification and tax due)
		- list of serial numbers of spoilage stamps
		- others, as implemented by law or regulations

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION
Internal Revenue Stamp Specifications (Sec. 3.10 of TOR)		
	Requirements for stamps/Stamp Design	
	a. Tamper proof in a manner that stamps cannot be removed without being mutilated, obliterated or otherwise altered	Not susceptible to tampering or counterfeiting
	b. Stamps must have a minimum of two (2) overt and three (3) covert security features	The stamp must provide prima facie evidence that the stamp is genuine (overt/covert feature)
	c. The stamp's track and trace features must be 100% readable by the mobile verification device	Stamps must contain a unique alphanumeric and QR code
	d. Resistance to ordinary wear and tear (quality of material)	The quality of stamp materials (paper and ink) must be resistant to ordinary wear and tear
	e. There should be a unique stamp design and color-coded for each tax class	Total of six (6) color-coded Internal Revenue Stamps a. Domestic a.1 Packed by Hand a.2. Packed by machine i. High ii. Low b. Imported i. High ii. Low c. Export

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION
	f. Printing of stamps in banderols or flat sheets	Facility to print stamps in banderols or flat sheets to be requisitioned at the option of the taxpayer for use in their production/operations
	g. System to identify stamps which were affixed on the packs	IRSIS should provide alphanumeric codes for stamps: a. Domestic a.1 Packed by Hand a.2. Packed by machine (i. High; and ii. Low) b. Imported i. High ii. Low c. Export
CODES TABLE MAINTENANCE		
	Provision for adjustments on:	
	a. tax rates	Tax rates stored on codes table can be updated anytime
	b. tax status (taxable and non-taxable)	Tax status stored on codes table can be updated anytime
	b. Brand name (new brand & transfer to another company)	Brand name stored on codes table can be updated anytime
	c. tax classification (packed by hand, packed by machine: high and low)	Tax classification on code table can be updated anytime
	d. tax structure (specific or ad valorem or combination	Tax structure on codes table can be updated anytime
	e. Domestically manufactured or imported	Provision for identifying whether the requisitioner is local or importer
	f. Others/additional, as mandated by law	Additional code table for updates/changes must effect immediately

BUSINESS/FUNCTIONAL REQUIREMENTS

AREAS OF CONCERN	REQUIREMENTS	DESCRIPTION/DEFINITION
Others		
	Capability of stamp placement on different types of packaging	
	Adaptability of the System to interface with other Systems	IRSIS must be flexible enough to interface with existing systems
	Adaptability of the system to other types of excisable products (distilled spirits)	

TECHNICAL REQUIREMENTS

Requirements		Description / Definition
System Requirements		
1	Real-time data availability	The system shall provide real-time database update and monitoring. in addition, all data generated by the system must be available on a real-time basis.
2	Secured System and Data	The System must be accessible via intranet and internet, fully secure, with the following minimum features: 1.) Secure access - accessible only to authorized personnel identified by the system administrator (Security and Access Matrix) 2.) Secure log-in system a. Unique log-in name and password for each authorized user b. Audit Trail - Detailed record of all access made, including user identification, date and time of access, data accessed, actions performed by the user, point or place of access 3.) Data security and integrity - capability of securely processing, storing and transmitting data generated by the system providing fully system continuity
3	Data Storage and Management	1.) All server hard drives must be using RAID (RAID Options from 1-10) 2.) All server hard drives must have a mirrored hot spare disk for each drive. 3.) All server hard drives must have an incremental backup drive that is hot swappable for offsite storage 4.) Data Retention - 7 Years online data retention reckoned from date of data creation 5.) Full system must have full data recovery
Back-up and Recovery		
4	Server Cluster	1.) The system should consist of a minimum 6 Servers (consisting of 3 primary servers and 3 backup servers) 2.) The system should consist of a primary domain controller, database server, and exchange server 3.) Each server should have a backup counterpart ex: backup domain controller, backup database server, and exchange server. 4.) All backup servers should have the same hardware specs as its counterparts. 5.)All backup servers must be able to assume full control of the roles of their counterparts.
5	Network Equipment Internet Connectivity	1.) Must provide Internet Connection 2.) Must have backup internet source 3.) Each device must have a hot spare.
6	Full system backup Power	In case of power outage, the system must remain active and operable for at least 1 hour and 30 minutes Backup power supplies (UPS) must be able to automatically shut the servers down sequentially Backup power supplies (UPS) must be able to automatically turn on the servers sequentially when regular power comes back online
7	Application	The system should be customizable and configurable according to APO's requirement and policies with the approval of the BIR
8	Dynamism	1. The System should support " open system" as a minimum standard 2. Must be interoperable with other operating systems existing in the market and should also be interoperable with the existing information technology (IT) systems of the APO and BIR. 3.) Must be able to Interface or connect with printing machines

TECHNICAL REQUIREMENTS

Requirements		Description / Definition
9	Data Extraction	Data/information (live or archived) can be extracted anytime by duly authorized personnel
10	Integration with customized modules	The system shall have the capability to be interfaced with existing BIR systems and all other related customized modules.
Back-up and Recovery		
11		1. Online data retention of at least seven (7) years. No data shall be lost because of backup, archives and logs will be a feature of the System. 2. System data recovery - full recovery
Hardware, Software, Network and Security Requirement		
12	Software	All software requirements used in the project shall be licensed and turned over to APO until it is turned-over to BIR at the end of the term of MOA
13	Ownership of Source Codes	All final compiled versions of program developed by the CONTRACTOR for the system shall be owned by APO until it is turned-over to BIR at the end of the term of MOA.
14	Hardware Sizing and Availability	All hardware requirements necessary to operate the system shall be turned-over to APO. All hardware equipment shall be provided based on capacity on demand to ensure and maintain efficient performance and response time.
15	Handheld device firmware	All final compiled versions of program for the handheld device's firmware developed by the CONTRACTOR shall be owned by APO until it is turned-over to BIR at the end of the term of MOA.
16	Security Provisions	All necessary security licenses and equipment to ensure secured data access shall be turned-over to APO until it is turned-over to BIR at the end of the term of MOA
17	System Hardware Procurement (servers)	All hardware equipment used in the system must be brand new/latest and from a reputable/known source or brand with 10 years of experience in the industry.
Mobile Handheld Verification Device, Tablets, and Computers		
18	Portable	The mobile verification device should be portable, handheld, and with a maximum weight of 450g, including battery
19	There must be a sufficient number of field audit devices	Should provide at least 80 brand-new field audit devices to BIR.
20	Tablets	Should provide 20 tablets for mobile online access to web-based track and trace system
21	Desktops	Should provide 20 desktops for access to track and trace system
22	Handheld device firmware	Should not be available commercially - for security reasons, It should be a specific and dedicated to the supplied device, developed in-house and not available from another source.
23	Provision of service units during repair of device	Service units of the field audit device shall be made available while original unit is under repair, at no additional cost to APO. Maintenance of the unit shall include parts and labor costs

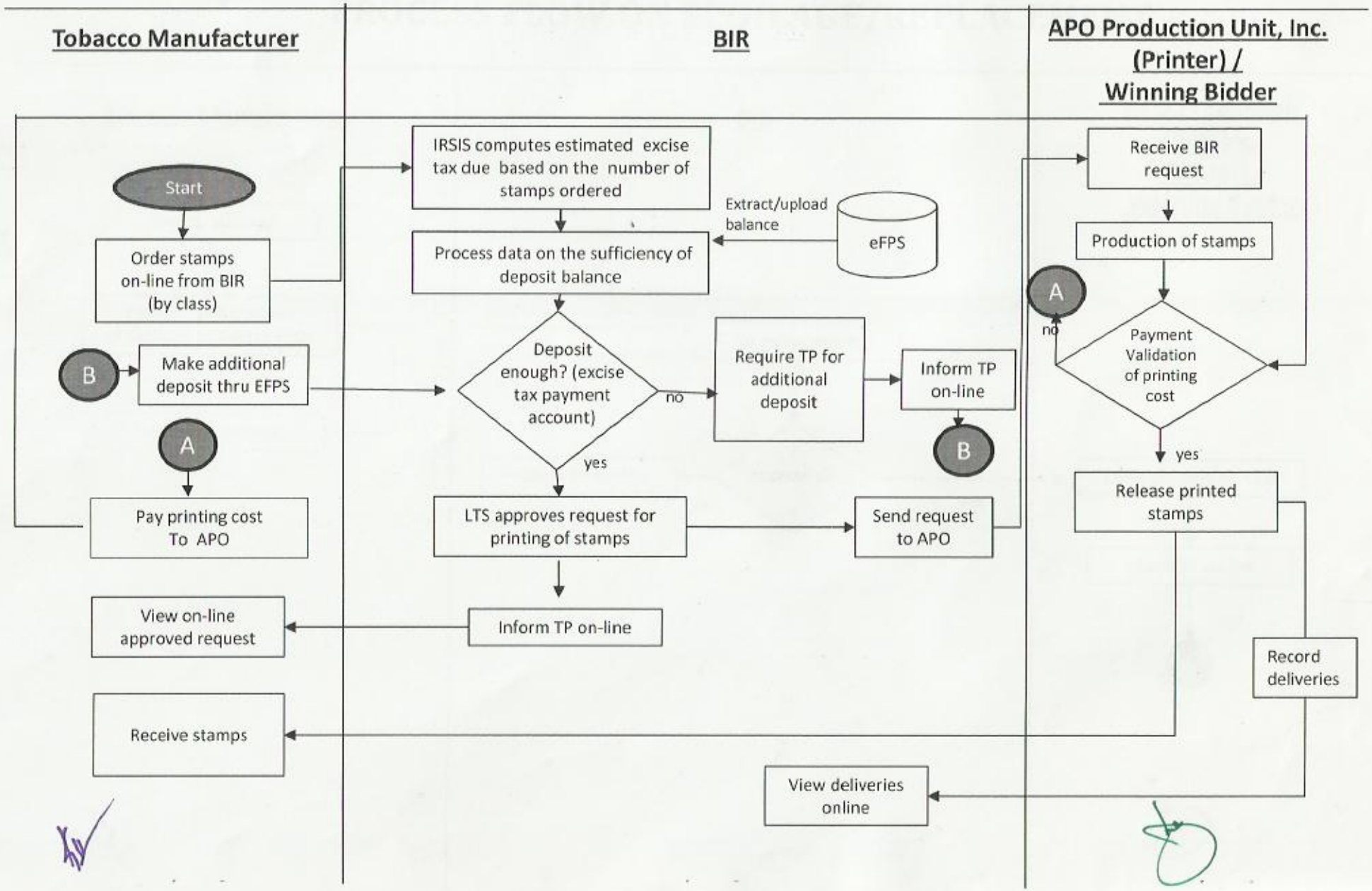
<table>
<tr><th colspan="2">Requirements</th><th>Description / Definition</th></tr>
<tr><td>24</td><td>Distributor/Retailer validators</td><td>The system shall include at least 1000 simple distributor/retailer tools to enable them to verify the semi-covert security features of the Stamp. These devices will allow for revealing a specific security feature not visible to the naked eye.</td></tr>
<tr><td>25</td><td>Authentication Response Time</td><td>The mobile verification device will perform an authentication within two (2) seconds of the verification device being applied to the stamp

1.) Mobile handheld devices must authenticate/ verify QR code without an internet connection
2.)Mobile devices must be able to store data with sufficient information for the user to validate during inspection
3.) QR devices must be able to update stored QR table via secure online connection
4.) All Information inbound into device or stored in device must be encrypted
5.) Handheld device must require user to login before use.
6.) Information gathered on the field during inspection must be up-loadable into IRSIS
7.) Reports generated must consist of Inspector info, time and location of inspector, and all information required in the IRSIS
8) Capability to validate/monitor the correctness of serial numbers/tax classification affixed on the packs of cigarettes

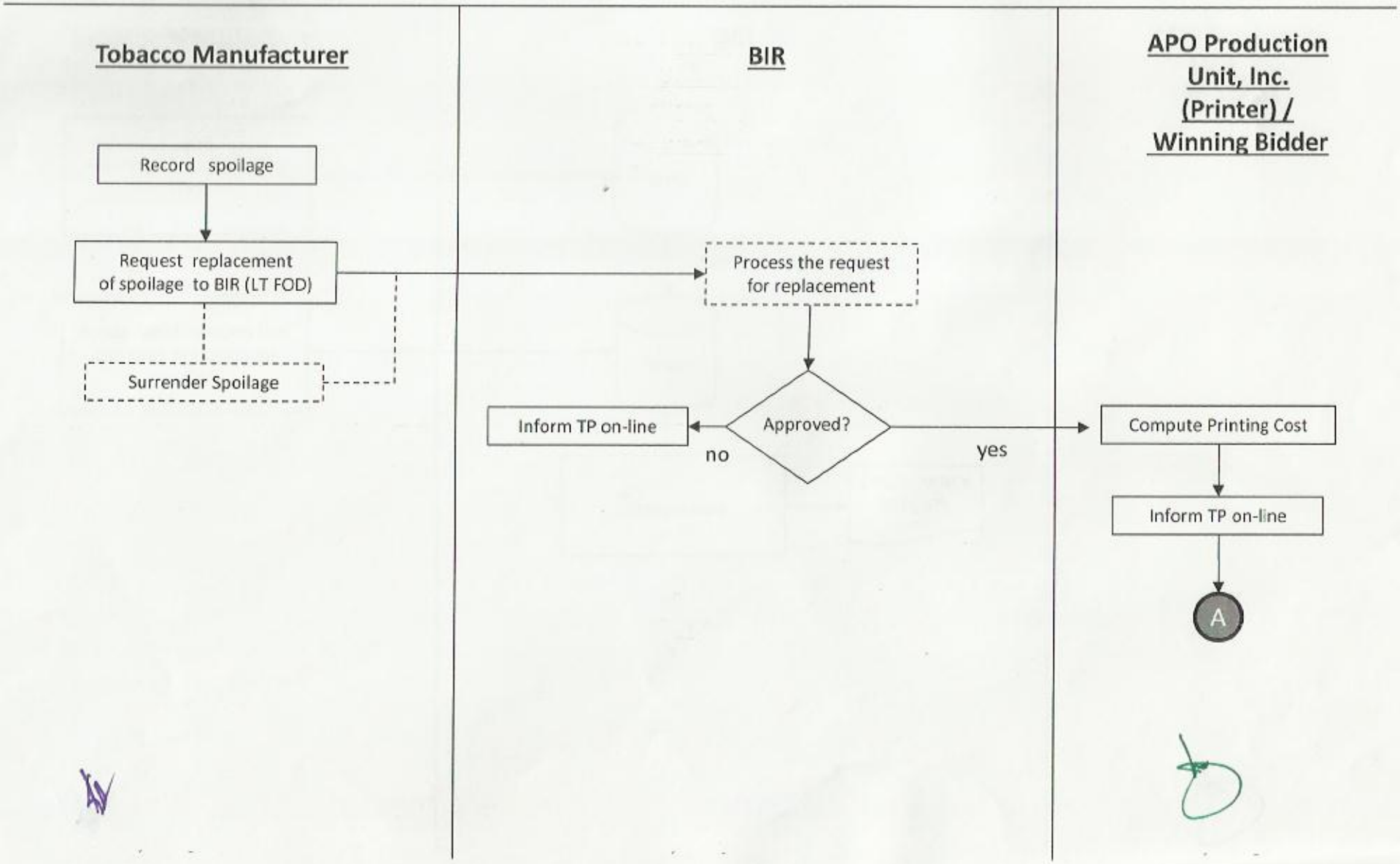
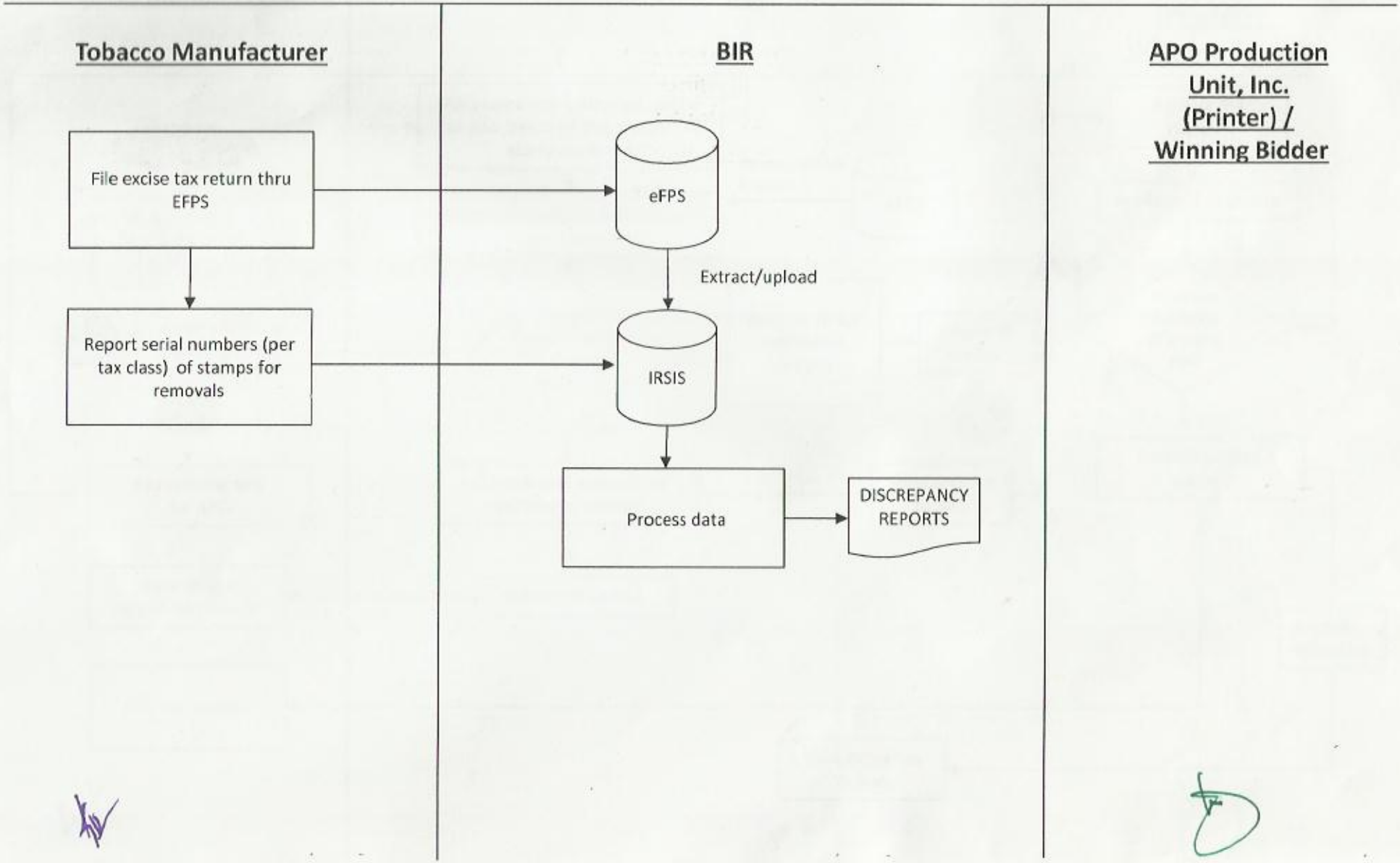
9.) Mobile handheld devices must authenticate/ verify via alphanumeric code if in case QR code is damaged/non-readable.</td></tr>
<tr><td colspan="3">Other Services</td></tr>
<tr><td>26</td><td>System Performance</td><td>1. The System response time should not exceed 5 seconds for 20 KB of data using 256 Kbps (under a 10Mbps local area network (LAN) environment).
2. The System shall have the following System Performance online:

<table>
<tr><td>Data (KB)</td><td>20</td><td></td></tr>
<tr><td>KB to bits</td><td>163840</td><td>Bits</td></tr>
<tr><td>Bits to kb</td><td>163.84</td><td>Kilobits</td></tr>
<tr><td>Transmission time required over 256 kbps line</td><td>0.64</td><td>seconds</td></tr>
</table>
</td></tr>
<tr><td>27</td><td>System Operationability</td><td>Shall ensure that the system is up and running with availability level of 99.75% or its equivalent downtime of one (1) hour and forty eight (48) minutes. Should include handheld devices, system servers, system applications and other auxiliary equipment used by IRSIS.</td></tr>
<tr><td>28</td><td>System Maintenance</td><td>Must provide full system maintenance and upgrading services for IRSIS throughout the duration of the contract . Should include handheld devices, system servers, system applications and other auxiliary equipment used by IRSIS (labor and parts).</td></tr>
<tr><td>29</td><td>Report Generation</td><td>Must generate all reports necessary for the IRSIS, production, delivery/pickup, user logs, and all other reports overlooking the system</td></tr>
</table>

ANNEX A-3
Internal Revenue Stamps for Cigarettes
PROCESS FLOW ON ORDERING AND DISTRIBUTION OF STAMPS



Internal Revenue Stamps for Cigarettes
PROCESS FLOW ON SPOILAGE/REPLACEMENT



Internal Revenue Stamps on Cigarettes
PROCESS FLOW ON REMOVALS