

BAC-C Resolution No. BC-2018-026

**NEGOTIATED PROCUREMENT THROUGH SCIENTIFIC, SCHOLARLY OR ARTISTIC
WORK, EXCLUSIVE TECHNOLOGY AND MEDIA SERVICES**

**Procurement of Institute of Corporate Directors as Planning Consultant / Facilitator
for the 2018 Board-Level Planning Conference**

WHEREAS, in a memo dated June 14, 2018, the Planning Services Department (PSD), endorsed to the Bids and Awards Committee for Consulting Services (BAC-C), the procurement of the services of a planning consultant / facilitator to conduct the BCDA Board-Level Planning Conference on July 5 and 6, 2018, in accordance with Section 53.6 of the Revised Implementing Rules and Regulations (IRR) of RA 9184 on Alternative Methods of Procurement, specifically Negotiated Procurement for Scientific, Scholarly or Artistic Work, Exclusive Technology and Media Services the Revised IRR;

WHEREAS, the consultant shall ensure that the following objectives are met:

1. Provide the Board with a re-orientation on their roles and their importance to the effective execution of BCDA mandate;
2. Align all board members towards one direction, and;
3. Present to the Board global best practices in board effectiveness drawn from updated global research;

WHEREAS, Section 53.6 of the Revised IRR provides that consulting services can be contracted to a particular supplier, contractor, or consultant as determined by the Head of the Procuring Entity (HoPE) for several reasons, one of which is scientific, academic, scholarly work or research, or legal services;

WHEREAS, the procurement falls within the mode of negotiated procurement under scientific, scholarly and academic because the Board-Level Planning is an integration of several disciplines that range from strategic planning, and corporate governance. Moreover, topics on real estate development, and marketing shall also be discussed. These are subject matters that are widely-considered as scientific, academic, and scholarly work. Specifically:

- a. Strategic Planning - This is a management activity that identifies the organization's priorities and intended outcome. The focus of strategic planning is to identify the direction of the organization in response to its environment. The process itself is an integration of several academic disciplines such as economics, finance and law. This has been made as a topic in several scholarly articles particularly on its effect in the performance of an organization;
- b. Balanced Scorecard (BSC) – This is a performance management tool that has been a subject of scholarly articles since its introduction by Harvard University's Dr. David Norton and Dr. Robert Kaplan in the early nineties. Over the years several studies were made on its effectiveness, and how corporations adopted this scholarly/academic idea in the management of their business. The Balanced Scorecard Institute explains that, "BSCs are

used extensively in business and industry, government, and nonprofit organizations worldwide. Gartner Group suggests that over 50% of large US firms have adopted the BSC. More than half of major companies in the US, Europe, and Asia are using the BSC, with use growing in those areas as well as in the Middle East and Africa. A recent global study by Bain & Co listed balanced scorecard fifth on its top ten most widely used management tools around the world, a list that includes closely-related strategic planning at number one. BSC has also been selected by the editors of Harvard Business Review as one of the most influential business ideas of the past 75 years.”

As the performance evaluation tool used by the Governance Commission on GOCCs (GCG), its inclusion in the Board-Level Planning can give the Board a perspective on the BSC; its benefits to the organization, and effectiveness as a strategic management tool.

- c. Corporate Governance – is the set of relationships between a company's board, management and other stakeholders. This provides a structure through which the objectives of the company are set, and the resources needed to attain those objectives. Corporate governance is not an exact science, but like strategic planning, this is an integration of several sciences/disciplines. A board director needs attributes and knowledge in the exercise of one's duties specifically on audit, law, economics, business, and finance. Corporate governance also entails understanding of its members and the socio-cultural norms of its stakeholders. It is the application of several scientific processes/academic discipline in the governance of an organization and its compliance to satisfy existing regulations.

Corporate governance has been the subject of numerous scholarly articles. From its introduction in the 1980's to the early 2000's, 1,085 scholarly articles have been published. It is also a moving/changing discipline. Recently, post-traditional corporate governance has been gaining ground. It is slowly breaking away from the traditional concept of profit-driven governance and moving towards societal governance (environment, sustainability and corporate social responsibility projects). This recent development is aligned with the BCDA Board's directive to make New Clark City transformative and sustainable.

WHEREAS, to justify the procurement under this mode, the PSD submitted to the BAC-C a market study dated June 11, 2018 (Annex A);

WHEREAS, the only two (2) organizations accredited by the Governance Commission on Government Owned and Controlled Organizations [GOCCs] (GCG) to conduct trainings on corporate governance are the Development Academy of the Philippines (DAP) and the Institute of Corporate Directors (ICD);

WHEREAS, based on the market study, the ICD could undertake the project at more advantageous terms to BCDA.

WHEREAS, on June 26, 2018, negotiations were conducted between representative of the BAC-C with PSD and ICD based on the Terms of Reference prepared by the PSD;

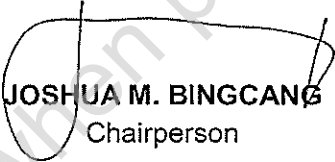
WHEREAS, the approved budget for the abovementioned consulting services is **Pesos: Five Hundred Twenty Thousand Eight Hundred (Php 520,800.00)**, inclusive of all applicable taxes and fees;

NOW, THEREFORE, the BAC-C resolve, as it is hereby resolved:

1. To recommend the procurement of a Planning Consultant / Facilitator for the 2018 Board-Level Planning Conference using the Alternative Method of Procurement in accordance with Section 53.6 of the Revised IRR of RA 9184 under Scientific, Scholarly or Artistic Work, Exclusive Technology and Media Services;
2. To recommend the award of contract to ICD for a total consultancy fee of Pesos: Five Hundred Twenty Thousand Eight Hundred (Php 520,800.00), inclusive of all applicable taxes and fees from the date indicated in the Notice to Proceed and/or Contract;
3. To direct the end user to request for the issuance of the Certificate of Funds Availability (CFA) for the procurement prior to the award of the contract;
4. To direct the end-user to furnish the BAC-C Secretariat copies of the duly conformed Notice of Award and Notice to Proceed as well as the executed contract, and all supporting documents pursuant to the procurement.

Done in Taguig City, this 27th day of June 2018.

BIDS AND AWARDS COMMITTEE FOR CONSULTING SERVICES


JOSHUA M. BINGCANG
Chairperson


did not participate
JOANNA EILEEN M. CAPONES
Vice-Chairperson

did not participate
HEDDA LOURDES Y. RULONA
Member


VIRGIL M. ALVAREZ
Member


GUALBERTO J. OYZON, JR.
Member

Approved by:


NEMA D. RADO
Officer-In-Charge
Office of the Executive Vice President

**Bases Conversion and Development Authority (BCDA)
Market Study on Planning Consultant
11 June 2018**

A. Executive Summary

BCDA, through its Planning Services Department (PSD), is requesting the assistance of a consultant organization that will facilitate the conduct of the 2018 Board-Level Planning Conference on 5-6 July 2018. The consultant organization shall ensure that the following objectives are met:

1. Provide the Board with a re-orientation on their roles and their importance to the effective execution of BCDA mandate;
2. Align all board members towards one direction, and;
3. Present to the Board global best practices in board effectiveness drawn from updated global research

The services of the Consultant shall be procured through Section 53 of Republic Act No. 9184 and its Implementing Rules and Regulations or Negotiated Procurement of Scientific, Scholarly or Artistic Work, Exclusive Technology and Media Services. It provides that,

“Where Goods, Infrastructure Projects and Consulting Services can be contracted to a particular supplier, contractor or consultant and as determined by the HoPE when the requirement is for xxx Scientific, Academic, Scholarly Work or Research, or legal services xxx”.

To justify the need to procure, PSD conducted a market study to determine whether the consultant could undertake the project at more advantageous terms.

B. Corporate Governance

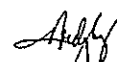
Corporate Governance, as defined by the Organisation for Economic Cooperation and Development (OECD), is a set of relationships between a company's management, its board, its shareholders and other stakeholders that provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.

It is a well-organized top-down communication among all participants that starts in the Board's strategic plan. The setting of the corporation's strategic direction will guide the corporation in its execution. A well-structured corporate governance is highly viewed as an important condition in the success of a corporation. Other benefits include:

1. Increased transparency and accountability
2. Better resource and capital allocation
3. Protection of rights leading to better relationship between and among participants

C. Corporate Governance (CG) Training Organizations

1. The only two (2) organizations accredited by the Governance Commission on GOCCs to conduct trainings on corporate governance are: The Development Academy of the Philippines (DAP) and the Institute of Corporate Directors (ICD).



2. DAP is a government owned and controlled corporation created by P.D. No. 205 dated 7 June 1973 mandated to:

- a. Generate pioneering, value-adding, synergistic ideas, concepts, principles, techniques and technologies addressing development problems of local, national and international significance;
- b. Capacitate individuals and development stakeholder organizations in government, the private sector, civil society, academe, and international organizations to perform their respective roles and mandates in development more efficiently and effectively; and,
- c. Promote partnerships and facilitate the integration of policies, plans, programs, and systems towards a holistic perspective, through the conduct of training, education, policy/action-oriented researches, consulting/technical assistance, and publications in good governance and productivity improvement.

3. ICD is a non-stock, not-for-profit organization dedicated to professionalizing corporate directorship and raising the corporate governance standards of the Philippines. Since its establishment in the aftermath of the 1997 Asian Financial Crisis, ICD has become a national and international resource on corporate governance having worked with other business, government and civil society organizations.

It is the leading learning solutions provider for professionalizing the practice of directorship, namely; Corporate Governance Orientation Program, Professional Directors Program, Enhancing Audit Committee Effectiveness, Business Integrity Workshop, Board Strategy for Directors, Board Design and Board Protocol and Strategy Execution Pathway Workshops.

ICD participates in the reform initiatives of the Philippine corporate governance working closely with the Organisation for Economic Co-operation and Development (OECD), the Global Corporate Governance Forum, and International Corporate Governance Network. It worked closely with the Institutes of Directors in East Asia Network in the adoption of the Corporate Governance Scorecard Project.

D. Criteria in Choosing CG Training Organization

The ranking in the criteria set by PSD is based on the priorities set by Board in terms of the content of the Board-level Planning. Emphasis on the importance of governance experience in the fields of real estate development and marketing. The breakdown are as follows:

TRAINING ORGANIZATION	CRITERIA	WEIGHT	SCORE (1-5)
Development Academy of the Philippines	Availability	10%	N/A
	Years of Experience	10%	10%
	International membership in CG organizations	10%	N/A
	Quality of Speakers	30%	15%
	GCG Accreditation	10%	10%

	Knowledge on Real Estate Development, Branding, and Marketing	30%	N/A
	Total	100%	45%
Institute of Corporate Directors	Availability	10%	10%
	Years of Experience	10%	10%
	International membership in CG organization	10%	10%
	Quality of Speakers	30%	30%
	GCG Accreditation	10%	10%
	Knowledge on Real Estate Development, Branding, and Marketing	30%	30%
	Total	100%	100%

ICD can undertake the project at a more advantageous term. The following justifies said advantage:

1. **Availability** – ICD has been receptive to the changes in schedule as well as to the direction set by the Chairman on the content of the activity. ICD participated in two separate meetings set by PSD.

DAP, on the other hand, did not respond to the invitation. Per coordination, it was found that DAP is currently undergoing change management in their executive committee. This has hindered their leadership to meet with BCDA and discuss the needs and requirements of the Board-Level Planning.

2. **Years of Experience** - The depth of experiences of ICD as an organization of, for and by practitioners makes them understand the strengths, challenges, responsibilities and ideal thrusts of Corporate Boards. The ICD was established in 1999 by Chairman Emeritus Dr. Jesus P. Estanislao in the aftermath of the Asian financial crisis, to establish and promote higher corporate governance standards in the Philippines. While DAP's establishment in 1974 gives it a wider margin in terms of years, its practice has more emphasis on operations of national government agencies.
3. **International Membership** – ICD worked closely with OECD, the Global Corporate Governance Forum and International Corporate Governance Network. ICD was a founding member of the Institute of Directors in East Asia Network, the organization that proposed the Corporate Governance Scorecard Project. This is advantageous because it will provide BCDA with information on best board practices in other countries.
4. **Quality of speakers and Knowledge on Real Estate Development, Branding, and Marketing** - ICD is composed of 300 professional and practicing directors from various industries who are in the following capacities; Fellow, Graduate Member, and Associate. For the BCDA Board-Level Planning, the resource persons from ICD who will speak and facilitate the activities are:

- **Dr. Jesus P. Estanislao** – Dr. Estanislao is the founding chairman---now *Chairman Emeritus* of the ICD and the Institute for Solidarity in Asia. He is a leading figure for governance reforms having initiated corporate governance in the aftermath

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of the 1997 Asian Financial Crisis. He was also the founding president of the University of Asia and the Pacific and served as NEDA Director-General and Finance Secretary during the Cory Aquino Administration. He is currently a visiting professor at the IESE Business School in Spain and a Visiting Lecturer at Oxford;

- **Rex C. Drilon II** – Mr. Drilon is a fellow and member of the ICD Board of Trustees. He is currently an Independent Director of Metrobank and held CEO/COO positions in Ortigas, Ayala and Yuchengco, Jardine Davies and FMMC Group of Companies, and;
- **Dr. Aniceto B. Fontanilla** – Dr. Fontanilla is an associate in the ICD and currently serves as PCEO of I-Metrics Asia Pacific Corp and Asia Pacific Centre for Research. He was the President of the Philippine Marketing Association and Executive Chairman of the Marketing Institute of the Philippines. He is a lecturer at DLSU Graduate School of Business, FEU Graduate School of Business, San Beda College and Asian Institute of Management.

Per DAP website, DAP maintains a roster of speakers from different NGAs. While their credentials, being undersecretaries, assistant secretaries and directors from NGAs, are exemplary, their experience is limited to government operations.

5. **GCG Accreditation** – As an accredited training organization on corporate governance, it is assured that all inputs that ICD provides in the Board-level planning will be in accordance to the GCG Code of Corporate Governance.

E. Conclusion and Recommendation

Based on the criteria set by PSD, ICD can undertake the project at a more advantageous term. They have almost two (2) decades of experience in providing learning solutions to various corporate boards. Their members are practicing corporate directors from real estate development corporations and marketing field.

They are the ideal body to facilitate the Board-Level Planning Conference because they can ensure that all discussions will lead towards agreements on BCDA's strategic direction and provide a distinction between the roles of the Board, and Top Management. It is therefore recommended that ICD be engaged as consultant organization for the conduct of Board-Level Planning.

