Department of Agriculture
BUREAU OF PLANT INDUSTRY
692 San Andres Street, Malate, Manila, Philippines
Email Address: info@buplant.da.gov.ph
Tel. No.: (02) 8525-7909, (02) 8525-2987 | Website: **buplant.da.gov.ph**

July 25, 2023

MEMORANDUM ORDER
No. 201
Series of 2023

SUBJECT : **ESTABLISHING A MERIT AND DEMERIT SYSTEM FOR THE SUPPLIERS OF THE BUREAU**

To improve the efficiency of the Bureau's procurement programs as well as incentivize its suppliers with consistently acceptable performance, the Bureau hereby amends Memorandum Order (MO) 258, s. 2022 entitled "Procedure for the Processing of Purchase Order (PO) and the Delivery of Goods and Services by Suppliers" and establishes a demerit and incentive system for its suppliers participating in the Bureau's procurement programs.

Section 1. Demerits and Penalties. Section 5 of MO 258 s. 2022 is superseded by the following:

1.1. The imposition of penalties shall be based on a demerit point system.
1.2. The following violations with corresponding demerit points shall apply:

Violation	% value of cancelled items	Demerit Point
Cancellation of the PO as caused by the following: • Failure to sign the PO within the deadline • Failure to deliver with the deadline or grace period • Request of the supplier Other causes on the part of the supplier	≤30%	0.5 pt.
	>30%	1 pt.
Low SPEF final score (below 2.80), for full delivery only	N/A	0.5 pt.
Failure to provide after-sales service	N/A	1 pt.

1.3. The following penalties shall apply:
1.3.1. 1 pt. – Written Warning
1.3.2. 2 pts. – Six-month suspension and revocation of limit increase (if applicable)
1.3.3. 3 pts. – Permanent blacklisting

1.4. Actions on Suspended/Blacklisted Suppliers or their Bid Submissions/Awards:
1.4.1. Bids submitted by the supplier shall not be accepted.

1.4.2. A suspended/blacklisted supplier shall be considered "Disqualified" in the Bureau's procurement programs. As such, bids already accepted but pending award shall be dropped or rejected.

1.4.3. POs conformed prior to the suspension or blacklisting shall remain valid and as such, the supplier is still obliged to fulfill the said POs. Cancellation of the PO as initiated by the supplier shall be meted corresponding demerit points.

1.5. The demerit points may be removed one (1) year after the point was meted against the supplier. The PSS shall be responsible in monitoring demerit points and supplier performance. It shall also regularly transmit such data to the PMS to bar erring suppliers from participating in the Bureau's procurement programs.

1.6. End-users may send to the Director in writing any highly objectionable delivery or experience with a supplier to be meted a higher penalty. The PMS and PSS shall recommend a decision on a case-to-case basis, the final decision of which shall be reserved to the Director.

1.7. Suppliers who shall be suspended or blacklisted from participating in the Bureau's procurement programs shall be informed in writing. Suppliers may appeal the penalty in writing within thirty (30) calendar days from receipt of the notice. The Bids and Awards Committee (BAC) shall impose the penalty or render a decision on appeals subject to the Director's approval. Decisions on appeals shall be deemed final.

Section 2. Pending Deliveries. A supplier may only have up to five (5) pending deliveries at a time unless it is given a limit increase. It shall only be allowed to participate in the Bureau's procurement programs as soon as it fulfills its pending deliveries, or it has not yet reached the five-pending delivery limit. The PSS shall regularly inform the PMS if a supplier reaches such limit, or if a supplier has fulfilled/cleared its pending deliveries. Bids or quotations received as well as awards in process prior to the hold shall still be honored or executed.

Section 3. Incentives. Suppliers may have their demerit points removed or their delivery limits increased based on satisfactory delivery performance of their other transactions with the Bureau. The following incentives may be availed as follows:

3.1. Removal of Demerit Points

Demerit Points Removed	Requirements
0.5	At least ten (10) transactions within the past 12 months with scores equal to or higher than 2.80 or S

3.2. Increase in Pending Delivery Limit

Limit	Requirements
10	• No demerit points • Has at least ten (10) consecutive transactions within the past 12 months with scores equal to or higher than 2.80 or S

15	• No demerit points • Has an existing delivery limit of 10 • Has at least ten (10) consecutive transactions within the past 12 months with scores equal to or higher than 2.80 or S (excluding those counted for a limit increase to 10)

Delivery limits shall be retained even if it incurs demerit points over the course of its participation in the Bureau's procurement programs. It shall only be revoked in accordance with Section 1 of this Memorandum.

Section 4. Monitoring. The Property and Supply Section shall be responsible in monitoring and updating supplier demerits and incentives based on their delivery or service record. It shall make the monitoring file available to the Procurement Management Section for their reference. The files shall be a list of SPEF scores, demerits imposed on suppliers, and merits (increased limits) of suppliers.

Section 5. Effectivity. This Memorandum shall take effect beginning July 25, 2023. Only SPEF scores beginning January 11, 2023 onwards shall be considered. This shall supersede all other memoranda and guidelines inconsistent herewith.

GERALD GLENN F. PANGANIBAN, Ph.D.
Director