

**MEMORANDUM OF AGREEMENT  
THE DEPARTMENT OF FOREIGN AFFAIRS  
AND  
IOM PHILIPPINES INC.**

**THE PUBLIC IS INFORMED:**

This Memorandum of Agreement (“Agreement” or “MOA”) was made and entered into this \_\_\_\_ day of MAY 31 2024, in the City of Pasay, between:

**THE DEPARTMENT OF FOREIGN AFFAIRS**, a National Government Agency with office address at 2330 Roxas Boulevard, Pasay City, represented herein by **ANTONIO A. MORALES**, Head of Procuring Entity and Undersecretary for Administration, hereinafter referred to as the “**FIRST PARTY**”, or the “**DFA**”;

-and-

**IOM PHILIPPINES INC. (IOM)**, duly registered corporation, with office address at 2704-B West Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, represented herein by **EDWIN T. MONZON**, its Vice President for HCM Solutions, whose authority is evidenced by a Board Secretary’s Certificate dated 27 May 2024 (Annex “A”), hereinafter referred to as the **SECOND PARTY**, or “**SOLUTIONS PROVIDER**”;

Individually as a “Party” and jointly as “Parties”;

**ANTECEDENTS:**

**Whereas**, the Philippine Development Plan 2023-2028 underlines that digital transformation of government will result in more efficient and faster service delivery to the people; and that the government must pursue bureaucratic efficiency involving a whole-of-government approach in reengineering systems and procedures and accelerating digital transformation in government;

**Whereas**, in view thereof, the DFA’s Strategic Plan 2023-2028 under Organizational Development goals, particularly Action Plan 1.4.1 states that: *“the Department will engage the services of a new service provider to install and implement by 2023 a more responsive, relevant, and Artificial Intelligence-enabled and customized Cloud-based Software as a Service (SaaS) Human Capital Management (HCM) that is fully synchronized and integrated with the Payroll System (HR PRO 2e) and Benefits Management System (PS) in order to comply with the Ease of Doing Business Act and improve services.”*



**Whereas**, in pursuit thereof, in 2023 DFA procured a Customized Cloud-based Software as a Service (SaaS) Human Capital Management (HCM) and Payroll System (HR PRO 2e) (PS) as an upgrade for the Human Resource Information System (HRIS) and the Payroll Benefits Management Information System (PBMIS) to eliminate the disjointed, manual, and predominantly paper-based system of keeping employee records, computing for salaries, benefits and emoluments, including the use and distribution of office supplies and accountable Government Properties;

**Whereas**, considering the need to continue, implement, and improve the foregoing systems, the DFA resolved to enter into a new Memorandum of Agreement with iOM Philippines Inc., pursuant to Section 50 (Direct Contracting) of the 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184 and subject to government audit and accounting rules and regulations;

**NOW, THEREFORE**, for and in consideration of the foregoing premises, the Parties agree, as follows:

## **ARTICLE I Purpose of the Agreement**

1. This Agreement is entered into by and between the Parties to provide the basis for their joint and cooperative undertakings in connection with the Direct Contracting for the Subscription of the **Customized Cloud-based Software as a Service Human Capital Management (HCM) and Payroll System (HR PRO 2e) (PS)**, also referred to as ***“the Project”***.
2. The following are annexed to and **made an integral part of this Agreement**, and references to these documents shall be deemed to refer to the ones duly annexed:


- Annex A - [Secretary's Certificate](#)<sup>1</sup>;
- Annex B - [BAC Resolution No. HO-099-24](#);
- Annex C - [Notice of Award](#);
- Annex D - [Latest valid PHILGEPS Registration Certificate of Platinum Membership of the \*\*Second Party\*\*](#);
- Annex E - [Certificate of Availability of Funds \(CAF\) dated 20 May 2024](#);
- Annex F - [Terms of Reference](#);
- Annex G - [Second Party's Proposal](#);
- Annex H - [HRMO's 2024 SPPMP](#);
- Annex I - [Purchase Request](#);
- Annex J - [Certificate of Copyright and Deposit](#);

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<sup>1</sup> For authority for the Second Party representative to sign this MOA

- Annex K - [Tax Clearance Certificate](#);
- Annex L - [Audited Financial Statement](#);
- Annex M - [Amended Articles of Incorporation](#);
- Annex N - [Industry Survey Results](#);
- Annex O - [Business Permit of the Second Party](#);

## ARTICLE II Obligations and Deliverables

1. The **First Party** shall perform the following obligations:
    - 1.1. Coordinate with the Second Party for requirements related to the maintenance and applicable updates to the HCM and PS.
    - 1.2. Coordinate with the Second Party for required technical and functional support for the system operations.
    - 1.3. Receive reports of any system attack or system malfunctions; and coordinate with the Second Party for resolutions to address the concern.
    - 1.4. Attend scheduled alignment meetings, training, and testing procedures with the Second Party;
    - 1.5. Process payments to the Second Party, subject to the provisions of this MOA.
  
  2. The **Second Party** shall comply with the following deliverables, pursuant and without prejudice to, the Terms of Reference<sup>2</sup>:
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### **Subscription**

- 2.1. Twelve (12) months subscription of the Human Capital Management System and Payroll System (HR PRO 2e) Software as a Service (SaaS) license for 3,500 employees of the DFA.
  - 2.1.1. Provide a configurable and extendable, integration-capable, and scalable application solution, supported by the necessary hardware infrastructure.
  - 2.1.2. No recurring fees shall accrue for the First Party for custom built parts of the solution or integrations in addition to the Software Subscription costs, after commissioning and acceptance of the Customized Cloud-based SaaS Human Capital Management and Payroll System (HR PRO 2e).

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<sup>2</sup> Annex F

## **Services**

2.2. Provide maintenance services and technical expertise 24/7 with a response-time of two (2) hours, as well as provide for the utilization of the provisions on redundancy; data back-up export and import of data; interoperability; knowledge transfer; and securing of root passwords.

2.2.1. 24/7 Technical Support Services with multiple levels of escalation, issue reporting, and documentation

2.2.2. Remote technical support through phone or email

2.2.3. Usage of an online ticketing system for issue or concern reporting

2.2.4. At least one (1) hour acknowledgment of support requests

2.3. Perform the following managed services:

2.3.1. At least 99.7% service uptime commitment at the application-level for the customized Cloud-based SaaS HCM and at least 99.5% for the Payroll System (HR PRO 2e).

2.3.2. Cloud operations monitoring and logging

2.3.4. Post-production request fulfillment

2.3.5. Incident management and resolution assurance

2.3.6. Update and change management support

2.3.7. Service management platform

2.3.8. Monthly cloud operations review

2.3.9. Customer Success Manager assigned for DFA

2.4. Aid in the roll-out of Online Training conducted throughout the DFA.

2.4.1. Employee Self Service Training

2.4.2. Manager Self Service Training

2.4.3. Admin User Training

2.5. Provide Maintenance and Technical Support for system change requests and further configurations to the System for both Human Capital Management and Payroll System.

2.6. Provide Functional Support for all System Modules for a period of five (5) months, reckoned from the effectivity of this Agreement.

2.6.1. Functional Support refers to the system change requests, data migration uploads, and further configurations and change requests to the System for both Human Capital Management and Payroll System (HR PRO 2e or similar application).

3. The Second Party further **acknowledges the Scope of Work and agrees to comply with all the Deliverables included in the Terms of Reference** including software subscription, maintenance, and other related components of the Project.

**ARTICLE III  
FEES, TERMS, AND MODE OF PAYMENT**

For and in consideration of the Subscription and Services rendered by the Second Party to the satisfaction of the Department, the latter shall pay the Contract Price in the amount of **Php 17,199,988.40** (Seventeen Million One Hundred Ninety Nine Thousand Nine Hundred Eighty Eight Pesos and Forty Cents only), inclusive of taxes and all other costs and charges, in the following payment tranches:

Tranche	Deliverables	Payment	Amount
1  <i>Payable upon submission of the required documents</i>	For twelve (12) months Subscription (2.1 to 2.1.2) of the licenses for Human Capital Management and Payroll System (HR PRO 2e) for 3,500 employees.  Documents required for payment: <ol style="list-style-type: none"> <li>1. Certificate of License Renewal for HCM and PS indicating 3,500 employees under the name of the Department of Foreign Affairs</li> <li>2. Certified List of Subscribed Modules</li> </ol>	50%	
2  <i>Payable on or before 01 November 2024 and subject to the submission of the required documents</i>	For the Delivery of the Services (2.2 to 2.6.1).  Documents Required for payment: <ol style="list-style-type: none"> <li>1. Maintenance Report</li> <li>2. Technical and Functional Support Report</li> <li>3. Change Request resolution (if any)</li> </ol>	50%	

1. Payment of the Contract Price shall be in tranches, and subject to the submission of all required supporting documents as stated above, evidencing subscription and provisioning of maintenance, technical, and functional support for the Human Capital Management and Payroll System (HR PRO 2e).
2. The Second Party shall submit the sales invoice and complete required documents. The list of other documentary requirements needed for payment will be provided by the Office of Financial Management Services-Financial Resource Management Division (OFMS-FRMD) upon signing of the MOA.
3. The Second Party shall be paid within thirty (30) working days upon the submission of the billing invoice, or its equivalent, with the required documents for payment, examined by the Office of Financial Management Services-Financial Resource Management Division (OFMS-FRMD). Payments shall be made through the List of Due and Demandable Accounts Payable (LDDAP).
4. All payments shall be inclusive of Value Added Tax (VAT) and all other lawful charges. No other payment and obligation shall accrue to the DFA; and the Second Party **agrees that the Contract Price covers any and all cost, expenses, and charges for the delivery of the Second Party's obligations under this MOA.**

The Parties agree that the payment to the **Second Party** is subject to the provisions of this Agreement and the usual government accounting and auditing rules and regulations, and subject to the submission of the necessary documents required by the **First Party**.

In no case shall the total payment to the Second Party exceed the Contract Price of Seventeen Million One Hundred Ninety Nine Thousand Nine Hundred Eighty Eight Pesos and Forty Cents (**Php 17,199,988.40**) only, inclusive of all applicable taxes and other lawful charges.

#### **ARTICLE IV OWNERSHIP AND CONFIDENTIALITY OF DATA**

1. **Work Product.** The work product of the **Second Party** shall mean any and all tangible products, data, reports, information recorded by whatever means, documents, written materials, and any and all other work products, or any portion thereof, including drafts, prepared, generated, or provided by the **Second Party** in connection with the **Second Party's** performance of its obligations under this Agreement, which shall be understood as commissioned work whose data ownership rights shall be with the First Party. The **Second Party** hereby assigns to the **First Party** all other rights, title, and interest (*including but not limited to usernames, passwords, and codes*) in any and all work products made during the course of this Agreement.

2. **Non-Public Information.** For purposes of this Agreement, all information that **First Party**, its officers, assigns, or persons related therewith, provides to the **Second Party**, pertaining to the services performed by the **Second Party**, regarding the **First Party**, its officers, employees and participants, including, without limitation, the identity of persons, and all other information which the **Second Party** may obtain in the course of the Project and as a result of its engagement under this Agreement shall be deemed and treated as strictly confidential, non-public information unless and until the **First Party's** prior consent is obtained which authorizes the **Second Party** to treat such information as public. The **Second Party** shall have no authority to disclose Non-Public Information to anyone in perpetuity, except in accordance with this section.
3. **Non-disclosure Agreement.** The **Second Party** shall not deliver, reveal, nor report any Work Product or any Non-Public Information, obtained or created pursuant to this Agreement, to any person, corporation, or government, or any other public or private entity, without (i) express prior written permission of the **First Party**, or (ii) a court or administrative order requiring disclosure, provided that the **Second Party** shall immediately notify the **First Party** of any need for disclosure in writing; and shall, in accordance with the **First Party's** direction, respond, appeal or challenge such subpoena, or court administrative order, prior to disclosure; and shall cooperate fully with the **First Party** in responding, appealing or challenging any such subpoena, or court or administrative order.

Neither the **Second Party** nor its related entities shall disclose any Work Product or any non-Public Information to any person or entity, nor shall they use or allow the use of any Work Product or any Non-Public Information, to further any interest other than contemplated by this Agreement. The **Second Party** shall take appropriate measures to ensure the confidentiality and protection of all Work Product and all Non-Public Information and to prevent its intentional or unintentional disclosure, or its inappropriate use by the **Second Party**, its officers, or by its or their employees or related entities. This obligation shall survive the expiration or termination of this Agreement in perpetuity.

4. **Data Privacy.** The **Second Party** shall ensure the security and maintenance of data privacy and compliance with the Data Privacy Act and other relevant laws in relation thereto. This may include the implementation of features or functions in the Project and/or its system, allowing the **First Party** to limit the access per user and administrator and/or the recording of all accesses made by all users to customized Cloud-based SaaS HCM and PS and the origin thereof. Furthermore, the **Second Party** agrees that any unauthorized disclosure of confidential information, codes, system access, instructions, or file data; intentional alteration or destruction of data; or unauthorized access or updating of files, are considered breach of data privacy and can lead to immediate termination of this Agreement in accordance with Article VII.



5. The **Second Party** agrees to undertake any and all measures to bind its employees and agents to the compliance of the foregoing provisions on confidentiality and privacy.

## **ARTICLE V WARRANTIES**

Without prejudice and in addition to the warranties provided in the Terms of Reference, the Second Party warrants that:

1. It is compliant with all the Technical Specifications and Qualifications provided in the TOR, which it understands and agrees to be continuing requirements for the purpose of this Agreement.
2. At the termination of this Agreement, the Second Party ensures that all content existing, generated, or available, in any and all format required by the DFA, is made available for its retrieval. At the end of the retrieval period, all copies of DFA content and data in the possession of the Solutions Provider shall be turned over to the DFA and deleted in the Second Party's database and records.
3. The Customized Cloud-based SaaS HCM and PS must be able to exchange information and other transactional operations with other information systems of the Department such as the Global Document Management System, OAMSS-ICTD E-services, Property Inventory and Management System, Learning Management System, (e.g. biometrics attendance-monitoring machine), among others.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

1. Except as otherwise stated herein, neither Party nor any of its officers, directors, managers, employees, agents, and representatives shall be liable to the other party or any of its officers, directors, managers, employees, agents, and representatives for any loss, liability, damage or expense arising out of or in connection with the performance of any services contemplated by this Agreement, unless such loss, liability, damage or expense shall be proven to result directly from the willful misconduct or negligence of such officer, director, manager, employee, agent, or representative.
2. Both Parties shall comply in all material respects with all applicable laws, rules, regulations, orders and decrees of the Philippine government.
3. Any other agreement entered into by **Second Party** and a third party for the implementation of this Agreement, shall be exclusively between such parties, to





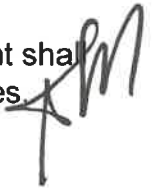
the exclusion of the DFA. The **Second Party** agrees to assume sole responsibility for any and all liabilities of its third party contractors/subcontractors, agents, and representatives, and warrants that it shall hold free and harmless the **First Party** from any and all such suits, and in no event shall it be held liable to such third parties for any special, incidental, indirect, consequential, or punitive damages relating to the conduct or completion of the Project.

4. Nothing in this Agreement is intended or shall be deemed to create any employment, partnership, agency or joint venture relationship between the Parties. The Parties specifically acknowledge that the **Second Party** is an independent contractor and not an employee of the **First Party**, and that the **First Party** is not an employer of the **Second Party**. It is understood that no employer-employee relationship exists between the Parties, and their respective officers, employees, and representatives.
5. The Parties warrant that they have not assigned and will not assign to any third party, by operation of law or otherwise, any cause of action, obligation, or demand of any nature whatsoever relating to any matter covered by this Agreement, without written consent of the other.
6. The Parties shall exert their best efforts to amicably resolve and settle in good faith any dispute arising out of or in relation to this Agreement through negotiations. In the event that an amicable settlement cannot be achieved within thirty (30) days from the date on which either Party has served written notice thereof on the other party, the Parties agree to settle the matter by submitting the same for arbitration to an arbitrator assigned by the President of the Philippine Dispute Resolution Center, Inc. (PDRCI). The arbitration proceedings shall be in accordance with the PDRCI's rules and regulations. The arbitration proceedings, including all records, documents, pleadings, orders and judgments filed or rendered in pursuant thereto, shall be kept confidential. The seat and venue of arbitration shall be Pasay City, Metro Manila, Philippines. Nothing in this Agreement, however, shall prevent the **First Party** from applying to a Philippine court of a competent jurisdiction for provisional or interim measures or injunctive relief as may be necessary to safeguard the property or rights as may be the subject matter of the dispute, or to pursue other legal remedies available to it provided the same shall be filed in the competent courts of Pasay City only, to the exclusion of all other courts and tribunals of competent and concurrent jurisdiction.
7. The performance of this Agreement by either Party is subject to acts of God, war, government regulations, disaster, fire, strikes, civil disorder, or other similar cause or threat thereof beyond the abilities of the Parties, making it inadvisable, illegal, or impossible to perform to the terms of the agreement, hold the meeting, or provide the facility. This Agreement may be terminated or revised for any of the above reasons without incurring liability by written consent of both Parties.



8. This Agreement and its Annexes encapsulates the full agreement between the Parties, and any subsequent alteration, modification or amendment of this Agreement or any of its provisions shall be subject to the mutual written consent of both Parties.
9. The **Second Party** shall hold the **First Party** free and harmless from whatever suit and hereby binds and obligates itself to indemnify the **First Party** of any and all liabilities, losses, damages, claims, demands, suits, proceedings, judgments, awards, fines, penalties, and all expenses, legal or otherwise, of whatever kind and nature, arising from and by reason of this Agreement, due to the fault, neglectful act or omission, delay, conduct, breach of trust, non-observance, or violation of any provisions of this Agreement by the **Second Party** and/or of its employees, agents, representatives, or sub-contractor.
10. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their assignees and successors-in-interest, provided, however, that the **Second Party** shall not assign or transfer any or all of its rights and obligations herein to any third party without the prior written consent of the **First Party**.
11. No failure, omission or delay by any of the Parties in exercising any of its right, privileges and remedies hereunder shall operate as a waiver thereof. No waiver or departure from the terms of this Agreement shall be valid unless made in writing and signed by the Party's authorized representative. Such waiver shall be effective only in the specific instance and for the purpose for which it is given.
12. The invalidity in whole or in part of any clause in these terms and conditions shall not affect the validity of the remainder of such clause of these terms and conditions. If any term or condition of this Agreement is declared invalid or contrary to law, the other terms or conditions that are not covered by such declaration shall remain valid and binding. The Parties shall amend the term or condition declared invalid or contrary to law, to conform to the subject and objective thereof.

The validity and interpretation of the terms and conditions of this Agreement shall be governed by and construed in accordance with the laws of the Philippines.



## ARTICLE VII TERMINATION/PRE-TERMINATION



1. This Agreement shall automatically terminate after twelve (12) months from its Effectivity.
2. The commission of a material breach of the obligations of the **Second Party** under this Agreement and its Annexes, such as but not limited to failure in the submission of its deliverables; or when it delays, for no justifiable reason, the performance thereof and fails to cure that material breach within twenty (20) working days after receiving written notice of the material breach, entitles the **First Party** to terminate this Agreement immediately upon written notice to the other **Second Party**, and stating definitively the justifiable grounds therefore.
3. Upon the instruction of the **First Party** in the event of pre-termination, the **Second Party** shall **return** to the **First Party** and/or **destroy** any and all **records** of data or information received by it in connection with this Agreement, both in their original format and any copies thereof; and issue a **certificate** to the **First Party** confirming its compliance.

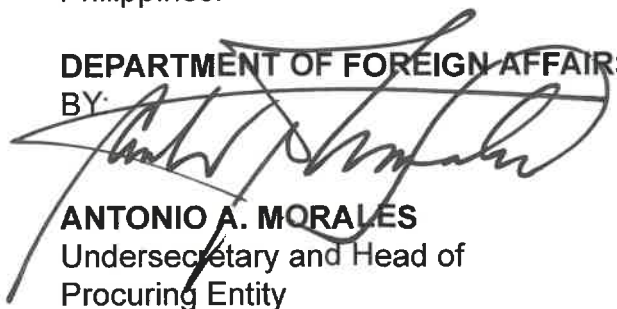
In case of pre-termination, all payments which are not yet due for the Second Party shall be deemed forfeited.

**ARTICLE VIII  
EFFECTIVITY AND DURATION**

This Agreement shall take effect upon the signing of the Parties hereto and the receipt of the Second Party of the Notice to Proceed, and shall remain in force and effect for twelve (12) months, unless the same is extended by written agreement of the Parties or pre-terminated under Article VII herein. Any delay attributable to the **Second Party**, and costs incurred to fulfill the obligations under the Agreement shall solely be borne by the **Second Party**.

Any such extension or renewal of this Agreement shall be made in writing upon agreement by both Parties at least thirty (30) days before its termination.

**IN WITNESS HEREOF**, the Parties through their duly authorized representatives have hereunto affixed their signatures on this \_\_\_\_ day of ~~MAY 31 2024~~ at Pasay City, Philippines.

**DEPARTMENT OF FOREIGN AFFAIRS**  
BY:   
**ANTONIO A. MORALES**  
Undersecretary and Head of  
Procuring Entity

**IOM PHILIPPINES INC.**  
BY:   
**EDWIN T. MONZON**  
Vice President - HCM Solutions

SIGNED IN THE PRESENCE OF:



**CHRISTOPHER B. MONTERO**  
Assistant Secretary  
Human Resources Management Office



**MINDARADAT R. MAMAD**  
Department Chief Accountant  
Office of Financial Management Services

## ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES  
PASAY CITY )S.S,

BEFORE ME, a NOTARY PUBLIC, for and in Pasay City, Philippines on 03 JUN 2024, personally appeared, MR. ANTONIO A. MORALES and MR. EDWIN T. MONZON, known to me to be the same person who executed the foregoing Memorandum of Agreement consisting of fifteen (15) pages including the page on which this Acknowledgment is written, signed by the Parties and their witnesses, and who acknowledged to me that the same is their free and voluntary act and deed.

The Philippine Passport/Philippine Government-Issued Identification Documents of the Parties were exhibited to me, the same bearing:

Name	ID Number	Place of Issue	Date of Issue
ANTONIO A. MORALES	D0013516A	Manila	08 March 2024
EDWIN T. MONZON	P0135196C	Manila	18 May 2022

IN WITNESS WHEREOF, I have hereunto affixed my signature and notarial seal on the date and in the place above written.

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Series of 2024

**FERDINAND D. AYARAO**  
Notary Public  
For and in Pasig City and the Municipality of ~~Pateros~~  
Appointment No.96 (2024-2025) valid until 12/31/2025  
MCTE Exemption No. VIII-BEP003234, until 04/14/28  
Roll No. 46377; JBP LRN 02459; OR 535886; 06/21/2001  
TIN 123-011-785; PTR 1634583AA; 01/03/24; Pasig City  
Unit 5, West Tower PSE, Exchange Road  
Ortigas Center, Pasig City Tel.+632-86314699



