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TWELFTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
Second Regular Session }

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SENATE

COMMITTEE REPORT NO. 67

Submitted jointly by the Committees on Constitutional Amendments, Revision of Codes and Laws and the Committee on Finance on July 11, 2002.

Re: Senate Bill No. 2248 , prepared by the Committees.

Recommending its approval in substitution of Senate Bill Nos. 182, 1477 and 1690.

Sponsors : Senators Angara and Osmeña (J.)

MR. PRESIDENT :

* The Committees on Constitutional Amendments, Revision of Codes and Laws, as the principal committee, and the Committee on Finance, as secondary committee, to which were referred -

Senate Bill No.182, introduced by Senator Osmeña III, entitled:

**“AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION
AND REGULATION OF THE PROCUREMENT ACTIVITIES OF
THE GOVERNMENT AND FOR OTHER PURPOSES”**

Senate Bill No. 1477, introduced by Senator Jaworski, entitled:

**“AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION
AND REGULATION OF THE PROCUREMENT ACTIVITIES OF
THE GOVERNMENT AND FOR OTHER PURPOSES”**

Senate Bill No. 1690, introduced by Senator Legarda Leviste, entitled:

**“AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION
AND REGULATION OF THE PROCUREMENT ACTIVITIES OF
THE GOVERNMENT AND FOR OTHER PURPOSES”**

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, Senate Bill No. 2248, prepared by the Committees, entitled:

**"AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION
AND REGULATION OF THE PROCUREMENT ACTIVITIES OF
THE GOVERNMENT AND FOR OTHER PURPOSES"**

be approved in substitution of Senate Bill Nos. 182, 1477 and 1690 with Senators Osmeña III, Jaworski, Legarda Leviste, Angara, and Osmeña(J.), and the members of the committees as authors thereof.

Respectfully submitted.

JOHN HENRY R. OSMEÑA
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Member, Committee on Constitutional
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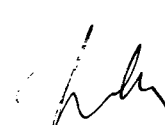
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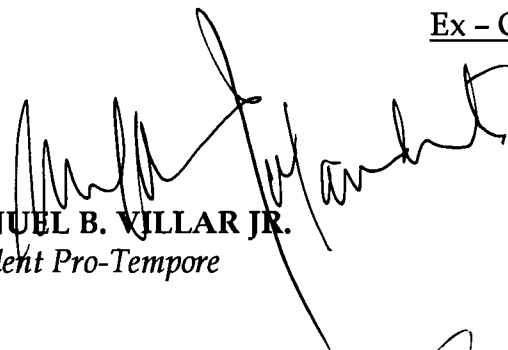
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TWELFTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
Second Regular Session }

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SENATE

S. No. 2248

Prepared by the Committee on Constitutional Amendments, Revision of Codes and Laws and Committee on Finance with Senators Osmeña III, Jaworski, Legarda Leviste, Angara, and Osmeña (J.) and members of the Committees, as authors

**AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION AND
REGULATION OF THE PROCUREMENT ACTIVITIES OF THE
GOVERNMENT AND FOR OTHER PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

ARTICLE I

GENERAL PROVISIONS

1
2
3 **Sec. 1. Short Title.** - This Act shall be known as the "Government
4 Procurement Reform Act of 2002."

5 **Sec. 2. Declaration Of Principles.** -

6 It is the declared policy of the State to promote the ideals of good
7 governance in all its branches, departments, agencies, subdivisions, and
8 instrumentalities, including government-owned and controlled corporations,
9 and local government units. Towards this end, the State shall establish a system
10 that ensures transparency, competitiveness, efficiency, accountability,
11 impartiality, equity, and adaptability to modern technology in all procurement
12 activities of the government.

13 **Sec. 3. Scope and Application.** - This Act shall apply to the Procurement
14 of Infrastructure Projects, Goods, and Consulting Services by all branches and
15 instrumentalities of government, its departments, offices and agencies, including
16 government-owned or -controlled corporations and local government units,

1 subject to any treaty or international or executive agreement affecting the subject
2 matter of this Act to which the Philippine government is a signatory.

3 **Sec. 4. Definition of Terms.** – For purposes of this Act, the following terms
4 or words and phrases shall mean or be understood as follows:

5 a) **Approved Budget for the Contract** – refers to the budget for the
6 contract duly approved by the Head of the Procuring Entity, as provided for in
7 the General Appropriations Act and/or continuing appropriations, in the case of
8 National Government Agencies; the Corporate Budget for the contract approved
9 by the governing Boards, in the case of Government-Owned and Controlled
10 Corporations, Government Financial Institutions and State-Owned Universities
11 and Colleges; and the Budget for the contract approved by the respective
12 *Sanggunian*, in the case of Local Government Units.

13 b) **BAC** –shall refer to the Bids and Awards Committee established in
14 accordance with Article V of this Act.

15 c) **Bidding Documents** – refer to documents issued by the Procuring
16 Entity as the basis for Bids, furnishing all information necessary for a prospective
17 bidder to prepare a bid for the Goods, Infrastructure Projects, and Consulting
18 Services to be provided.

19 d) **Bid** – refers to a signed offer or proposal submitted by a supplier,
20 contractor or consultant in compliance with the requirements set forth in the
21 Bidding Documents.

22 e) **Competitive Bidding** – refers to a method of procurement which is
23 open to participation by any interested party and which consists of the following
24 processes: advertisement, pre-bid conference, eligibility screening of prospective
25 bidders, receipt and opening of bids, evaluation of bids, post-qualification, and
26 award of contract, the specific requirements and mechanics of which shall be
27 defined in the IRR to be promulgated under this Act.

1 f) **Consulting Services** - refer to services for Infrastructure Projects
2 and other types of projects or activities of the Government requiring adequate
3 external technical and professional expertise that are beyond the capability
4 and/or capacity of the government to undertake such as, but not limited to: (i)
5 advisory and review services; (ii) pre-investment or feasibility studies; (iii)
6 design; (iv) construction supervision; (v) management and related services; and
7 (vi) other technical services or special studies.

8 g) **Goods**- refer to items, supplies, materials and general support
9 services which need to be procured in the pursuit of any government
10 undertaking, project, or activity, such as equipment, furniture, stationery,
11 construction materials, personal property of any kind, non-personal or
12 contractual services to include among others, repair and maintenance of
13 equipment and furniture, trucking, hauling, janitorial, security, and related or
14 analogous services. These shall exclude Consulting Services, real estate and
15 Infrastructure Projects.

16 h) **GPPB** - refers to the Government Procurement Policy Board
17 established in accordance with Article XVI of this Act.

18 i) **Infrastructure Projects** - Shall include the construction,
19 improvement, rehabilitation, demolition, repair, restoration or maintenance of
20 roads and bridges, railways, airports, seaports, communication facilities, civil
21 works components of information technology projects, irrigation, flood control
22 and drainage, water supply, sanitation and sewerage systems, shore protection,
23 energy/power and electrification facilities, national buildings, school buildings,
24 hospital buildings, and other related construction projects of the government.

25 j) **IRR** - refer to the implementing rules and regulations to be
26 promulgated in accordance with Section 65 this Act.

27 k) **Procurement** - refers to the acquisition of Goods, Consulting
28 Services, and the contracting for Infrastructure Projects by the Procuring Entity.

1 Procurement shall also include the lease of goods and real properties. With
2 respect to real property, its procurement shall be governed by the provisions of
3 Republic Act No. 8974, entitled "An Act to Facilitate the Acquisition of Right-of-
4 Way Site or Location for National Government Infrastructure Projects and for
5 Other Purposes, and other applicable laws, rules and regulations.

6 l) ***Procuring Entity*** - refers to any branch, department, office,
7 agency, or instrumentality of the government, including government-owned or -
8 controlled corporation, and local government units procuring Goods,
9 Infrastructure Projects and Consulting Services.

10 m) ***Head of the Procuring Entity*** - refers to the head of a
11 branch, department, office, agency, or instrumentality of the government,
12 including government-owned and controlled corporation, as well as local
13 government units: *Provided*, That in a department, office or agency where the
14 procurement is decentralized, the Head of each decentralized unit shall be
15 considered as the Head of the Procuring Entity subject to the limitations and
16 authority delegated by the Head of the department, office or agency.

17 **Sec. 5. *Standardization of Procurement Process and Forms.*** - Pursuant to
18 the objective of instituting a systematized Procurement process in government,
19 and in order to ensure transparency, the Procurement process, including the
20 forms to be used, shall, as far as practicable, be standardized.

21 For this purpose, the GPPB shall pursue the development of generic
22 procurement manuals and standard bidding forms, the use of which once issued
23 shall be mandatory upon all Procuring Entities.

24 ARTICLE II

25 PROCUREMENT PLANNING

26 **Sec. 6. *Annual Procurement Plan.*** - No government Procurement
27 shall be undertaken unless it is in accordance with the approved Annual
28 Procurement Plan of the Procuring Entity. The Annual Procurement Plan shall

1 be approved by the Head of the Procuring Entity and must be consistent with its
2 duly approved yearly budget. The Annual Procurement Plan shall be
3 formulated and revised only in accordance with the guidelines set forth in the
4 IRR. In the case of Infrastructure Projects, the Plan shall include engineering
5 design and acquisition of right-of-way.

6 ARTICLE III

7 PROCUREMENT BY ELECTRONIC MEANS

8 **Sec. 7. *The Procurement By Electronic Means.*** - To promote
9 transparency and efficiency, information and communications technology shall
10 be utilized in the conduct of procurement procedures. Accordingly, there shall be
11 a single portal that shall serve as the primary source of information on all
12 government procurement. The Government Electronic Procurement Service (G-
13 EPS) shall provide the said portal. Further, the GPPB is authorized to approve
14 changes in the procurement process to adapt to improvements in modern
15 technology, provided that such modifications are consistent with the provisions
16 of Section 2 of this Act.

17 To take advantage of the significant built-in efficiencies of the G-EPS and
18 the volume discounts inherent in bulk purchasing, all procuring entities shall
19 utilize the G- EPS for the procurement of common supplies in accordance with
20 the rules and procedures to be established by the GPPB. With regards to the
21 procurement of non-common use items, infrastructure projects and consulting
22 services, agencies may hire service providers to undertake their electronic
23 procurement provided these service providers meet the minimum requirements
24 set by the GPPB.

25 **Sec. 8. *Security, Integrity and Confidentiality.*** - The G-EPS shall ensure
26 the security, integrity and confidentiality of documents submitted through the
27 system. It shall include a feature that provides for an audit trail for on-line

1 transactions and allow the Commissions on Audit to verify the security and
2 integrity of the systems at any time.

3 ARTICLE IV

4 COMPETITIVE BIDDING

5 **Sec. 9. *Competitive Bidding.*** – Subject to the provisions of Article XIII, the
6 Procurement of Goods, Infrastructure Projects and Consulting Services shall be
7 done through Competitive Bidding,

8 ARTICLE V

9 BIDS AND AWARDS COMMITTEE

10 **Sec. 10. *The BAC and its Functions.*** – Except as otherwise allowed in this
11 section, each Procuring Entity shall establish a single BAC to handle its
12 procurement. The Head of the procuring entity may establish separate BACs
13 whenever in his judgment the number and complexity of the items to be
14 procured so warrant.

15 Similarly, separate BACs for decentralized and lower level offices may
16 also be established as may be deemed fit by the Head of the Procuring Entity.

17 The BAC shall have the following functions: advertise and/or post the
18 invitation to bid, conduct pre-procurement and pre-bid conferences, determine
19 the eligibility of prospective bidders, receive bids, conduct the evaluation of bids,
20 undertake post-qualification proceedings, recommend award of contracts to the
21 Head of the Procuring Entity or his duly authorized representative, recommend
22 the imposition of sanctions in accordance with Article XIX, and perform such
23 other related functions as may be necessary, including the creation of a Technical
24 Working Group from a pool of technical, financial and/or legal experts to assist
25 in the procurement process.

26 In proper cases, the BAC shall also recommend to the Head of the
27 Procuring Entity the use of Alternative Methods of Procurement as provided for
28 in Article XIII hereof.

Sec. 11. Membership in the BAC. - The BAC shall have at least five (5) members, but not more than seven (7) and composed of the following:

a. *National government branches, departments, agencies, offices and instrumentalities, including Government-owned and controlled corporations, government Financial Institutions and State Universities and Colleges:*

Regular Members:

1. Chairman, who is at least a third ranking permanent official of the Procuring Entity;
2. An officer with knowledge, experience and expertise in procurement who, to the extent possible, represents the legal or administrative area of the Procuring Entity;
3. An officer with knowledge, experience and expertise in procurement who, to the extent possible, represents the finance area of the Procuring Entity;
4. An officer with knowledge, experience and expertise in procurement who, to the extent possible, represents the technical area of the Procuring Entity; and,
5. A representative from the end user unit (designated on a contract to contract basis) who has knowledge of procurement laws and procedures.

The members of the BAC shall be designated by the Head of the Procuring Entity or their respective governing Boards.

b. *Local Government Units:*

The BAC shall be composed of one (1) representative each from the regular offices under the Office of the Chief Executive such as, but not limited to the following: Budget Office, Legal Office, Engineering Office, General Services

1 Office, Administrative Office. The end user office shall always be represented in
2 the BAC.

3 The members shall elect from among themselves who shall act as the
4 Chairman.

5 In no case shall the approving authority be a member of the BAC.

6 Unless sooner removed for a cause, the members of the BAC shall have a
7 fixed term of one (1) year reckoned from the date of appointment, renewable at
8 the discretion of the Head of the Procuring Entity. In case of resignation,
9 retirement, separation, transfer, re-assignment, removal, the replacement shall
10 serve only for the unexpired term: *Provided*, That in case of leave or suspension,
11 the replacement shall serve only for the duration of the leave or suspension. For
12 justifiable causes, a member shall be suspended or removed by the Head of the
13 Procuring Entity.

14 **Sec. 12. Observers.** - To enhance the transparency of the process, the BAC
15 shall, in all stages of the procurement process, invite at least two (2) observers to
16 sit in its proceedings, one (1) from a duly recognized private group in a sector or
17 discipline relevant to the procurement at hand, and the other from a non-
18 government organization: *Provided, however*, That they do not have any direct or
19 indirect interest in the contract to be bid out. The observers should be duly
20 registered with the Securities and Exchange Commission and should meet the
21 criteria for observers as set forth in the IRR.

22 **Sec. 13. BAC Secretariat.** - To assist the BAC in the conduct of its
23 functions, the Head of the Procuring Entity shall create a Secretariat that will
24 serve as the main support unit of the BAC. The Head of the Procuring Entity
25 may also designate an existing organic office within the agency to serve as the
26 Secretariat.

27 **Sec. 14. Honoraria of BAC Members.** -The Procuring Entity may grant
28 payment of honoraria to the BAC members in an amount not to exceed twenty

1 five percent (25%) of their respective basic monthly salary subject to availability
2 of funds. For this purpose, the Department of Budget and Management (DBM)
3 shall promulgate the necessary guidelines.

4 **Sec. 15. Professionalization of BAC, BAC Secretariat and Technical**
5 **Working Group Members.** - The GPPB shall establish a sustained training
6 program for developing the capacity of the BACs, BAC Secretariats and
7 Technical Working Groups of Procuring Entities, and professionalized the same.

8 ARTICLE VI

9 PREPARATION OF BIDDING DOCUMENTS

10 **Sec. 16. Form and Contents of Bidding Documents.** - The Bidding
11 Documents shall be prepared by the Procuring Entity following the standard
12 forms and manuals prescribed by the GPPB. The Bidding Documents shall
13 include the following:

- 14 a) Approved Budget for the Contract (ABC)
- 15 b) Instructions to Bidders, including criteria for eligibility, bid
16 evaluation and post-qualification, as well as the date, time
17 and place of the pre-bid Conference (where applicable),
18 submission of bids and opening of bids;
- 19 c) Terms of Reference;
- 20 d) Eligibility Requirements;
- 21 e) Plans and Technical Specifications;
- 22 f) Form of Bid, Price Form, and List of Goods or Bill of
23 Quantities;
- 24 g) Delivery Time or Completion Schedule;
- 25 h) Form and Amount of Bid Security;
- 26 i) Form and Amount of Performance Security and Warranty;
- 27 and,

1 j) Form of Contract, and General and Special Conditions of
2 Contract.

3 The Procuring Entity may require additional documents requirements or
4 specifications necessary to complete the information required for the bidders to
5 prepare and submit their respective bids.

6 **Sec. 17. Reference to Brand Names.** - Specifications for the Procurement of
7 Goods shall be based on relevant characteristics and/or performance
8 requirements. Reference to brand names shall not be allowed.

9 **Sec. 18. Access to Information.** - In all stages of the preparation of the
10 Bidding Documents, the Procuring Entity shall ensure equal access to
11 information. Prior to their official release, no aspect of the Bidding Documents
12 shall be divulged or released to any prospective bidder or person having direct
13 or indirect interest in the project to be procured.

14 ARTICLE VII

15 INVITATION TO BID

16 **Sec. 19. Pre-Procurement Conference.** - Prior to the issuance of the
17 Invitation to Bid, the BAC is mandated to hold a pre-procurement conference on
18 each and every procurement, except those contracts below a certain level or
19 amount specified in the IRR, in which case, the holding of the same is optional.

20 The pre-procurement conference shall assess the readiness of the
21 procurement in terms of confirming the certification of availability of funds, as
22 well as reviewing all relevant documents in relation to their adherence to law.
23 This shall be attended by the BAC, the unit or officials who prepared the bidding
24 documents and the draft Invitation to Bid, as well as consultants hired by the
25 agency concerned and the representative of the end-user.

26 **Sec. 20. Advertising and Contents of the Invitation to Bid.** - In line with
27 the principle of transparency and competitiveness, all Invitations to Bid for
28 contracts under competitive bidding shall be advertised by the Procuring Entity
29 in such manner and for such length of time as may be necessary under the

1 circumstances, in order to ensure the widest possible dissemination thereof, such
2 as, but not limited to, posting in the Procuring Entity's premises, in newspapers
3 of general and nationwide circulation, the G-EPS and the website of the
4 Procuring Entity, if available. The details and mechanics of implementation shall
5 be provided in the IRR to be promulgated under this Act.

6 The Invitation to Bid shall contain, among others:

- 7 a) A brief description of the subject matter of the Procurement;
- 8 b) A general statement on the criteria to be used by the Procuring Entity
9 for the eligibility check, the short listing of prospective bidders, in the
10 case of the Procurement of Consulting Services, the examination and
11 evaluation of Bids, and post-qualification;
- 12 c) The date, time and place of the deadline for the submission and receipt
13 of the eligibility requirements, the pre-bid conference if any, the
14 submission and receipt of bids, and the opening of bids;
- 15 d) The Approved Budget for the Contract to be bid;
- 16 e) The source of funds;
- 17 f) The period of availability of the Bidding Documents, and the place
18 where these may be secured;
- 19 g) The contract duration; and,
- 20 h) Such other necessary information deemed relevant by the Procuring
21 Entity.

22 ARTICLE VIII

23 PRE-BID CONFERENCE

24 **Sec. 21. Pre-Bid Conferences.** - At least one pre-bid conference shall be
25 conducted for Infrastructure Projects with an approved budget of Five (5) Million
26 Pesos and above, and for Procurement of Goods and Consulting Services with an
27 Approved Budget of One (1) Million Pesos and above. For Infrastructure Projects
28 costing less than Five (5) Million Pesos and for Procurement contracts of Goods

1 and Consulting Services, costing less than One (1) Million Pesos, pre-bid
2 conferences may be conducted at the option of the BAC.

3 The aforementioned amounts shall be subject to a periodic review by the
4 GPPB. For this purpose, the GPPB is authorized to increase or decrease the
5 threshold level to keep abreast with the changes in economic conditions:
6 *Provided*, That any modification shall not be oftener than once in every two (2)
7 years.

8 The Pre-bid conference(s) shall be held at least fifteen (15) calendar days
9 before the deadline for receipt of bids. The proceedings shall be duly recorded
10 and the minutes thereof made available to all prospective bidders, subject to the
11 payment of reasonable fee to cover cost.

12 ARTICLE IX

13 RECEIPT AND OPENING OF BIDS

14 ***Sec. 22. Eligibility Requirements for Goods and Infrastructure Projects. -***

15 The eligibility of prospective bidders for the Procurement of Goods and
16 Infrastructure Projects shall be determined by their compliance, within the
17 period set forth in the Invitation to Bid, with the eligibility requirements
18 prescribed in the Bidding Documents. The prospective bidder shall certify under
19 oath as to the correctness of the statements made and the completeness and
20 authenticity of the documents submitted.

21 ***Sec. 23. Eligibility Requirements and Short Listing for Consulting***

22 ***Services. -*** The eligibility of prospective bidders for the Procurement of
23 Consulting Services shall be determined by their compliance with the eligibility
24 requirements prescribed for the Competitive Bidding concerned, within the
25 period stated in the Invitation to Bid. The prospective bidder shall certify under
26 oath as to the correctness of the statements made, and the completeness and
27 authenticity of the documents submitted.

1 The eligible prospective bidders shall then be evaluated using numerical
2 ratings on the basis of the short listing requirements prescribed for the
3 Competitive Bidding concerned, within the period stated in the Invitation to Bid
4 to determine the short list of bidders whose bids shall be considered for
5 evaluation.

6 **Sec. 24. *Receipt of Bids.*** Only those Bids received by the BAC on the
7 date, time, and place specified in the Invitation to Bid shall be considered. Bids
8 submitted after the deadline shall not be accepted.

9 **Sec. 25. *Modification and Withdrawal of Bids.*** - A bidder may be
10 allowed to modify his Bid, provided that this is done only once and before the
11 deadline for the receipt of Bids. The modification shall be submitted in a sealed
12 envelope duly attached to his original Bid and marked as "Modification." A
13 bidder is allowed to withdraw his Bid: *Provided*, That this is done at least five (5)
14 calendar days before the deadline for the receipt of Bids: *Provided, further*, That he
15 shall submit a letter of withdrawal and non-participation to the BAC. In such
16 case, he shall no longer be allowed to submit another Bid for the same contract
17 either directly or indirectly.

18 **Sec. 26. *Bid Security.*** - All Bids shall be accompanied by a Bid security,
19 which shall serve as a guarantee that, after receipt of the Notice of Award, the
20 winning bidder shall enter into contract with the Procuring Entity within the
21 stipulated time and furnish the required performance security. The specific
22 amounts and allowable forms of the Bid security shall be prescribed in the IRR.

23 **Sec. 27. *Bid Validity.*** - Bids and Bid securities shall be valid for such
24 reasonable period of time indicated in the Bidding Documents. The duration for
25 each undertaking shall take into account the time to be involved in the process of
26 Bid evaluation and award of contract.

27 **Sec. 28. *Bid Opening.*** - The BAC shall publicly open all Bids at the time,
28 date, and place specified in the Bidding Documents.

ARTICLE X

BID EVALUATION

1
2
3 **Sec. 29. *Preliminary Examination of Bids.*** - Prior to a Bid evaluation of all
4 Procurement, the BAC shall first examine, using a "pass or fail" criterion, the
5 technical components of the Bids submitted to determine whether all the
6 required documents are present. For each required document, a bidder is rated
7 "pass", if the document is included in its Bid, and "fail", if otherwise. Only Bids
8 that are found to contain all the Bid requirements and rated "passed" shall be
9 considered for evaluation.

10 **Sec. 30. *Ceiling for Bid Prices.*** - The Approved Budget for the Contract
11 (ABC) shall be the upper limit or ceiling for the Bid prices. Bid prices that exceed
12 this ceiling shall be disqualified outright from further participating in the
13 bidding. There shall be no lower limit to the amount of the award.

14 **Sec. 31. *Bid Evaluation and Determination of the Lowest Calculated Bid***
15 ***for Goods and Infrastructure Projects.*** - For purposes of comparison, the Bid
16 prices of bidders for the Procurement of Goods and Infrastructure Projects who
17 passed the preliminary examination shall be evaluated and corrected for minor
18 deviations, such as computational errors and omissions, in accordance with the
19 Bidding Documents. Any corrections for minor deviations shall be calculated in
20 monetary terms and the corrected prices shall be referred to as calculated prices.
21 The Bids shall be ranked from lowest to highest in terms of their corresponding
22 calculated prices. The Bid with the lowest calculated price shall be the "Lowest
23 Calculated Bid".

24 **Sec. 32. *Bid Evaluation of Short Listed Bidders for Consulting Services.*** -
25 For the Procurement of Consulting Services, the Bids of the short listed bidders
26 shall be evaluated and ranked using numerical ratings in accordance with the
27 evaluation criteria stated in the Bidding Documents, which shall include factors
28 such as, but not limited to, experience, performance, quality of personnel, price

1 and methodology. The Bids shall be ranked from highest to lowest in terms of
2 their corresponding calculated ratings. The Bid with the highest calculated
3 rating shall be the "Highest Rated Bid." After approval by the Head of the
4 Procuring Entity of the Highest Rated Bid, the BAC shall invite the bidder
5 concerned for negotiation and/or clarification on the following items: financial
6 proposal submitted by the bidder, terms of reference, scope of services,
7 methodology and work program, personnel to be assigned to the job,
8 services/facilities/data to be provided by the Procuring Entity concerned, and
9 provisions of the contract. When negotiations with the first-in-rank bidder fails,
10 the financial proposal of the second rank bidder shall be opened for negotiations:
11 *Provided*, That the amount indicated in the financial envelope shall be made as
12 the basis for negotiations and the total contract amount shall not exceed the
13 amount indicated in the envelope and the Approved Budget for the Contract.
14 Whenever necessary, the same process shall be repeated until the bid is awarded
15 to the winning bidder.

16 ARTICLE XI

17 POSTQUALIFICATION

18 **Sec. 33. Objective and Process of Post-qualification.** - Post-qualification
19 is the stage where the bidder with the Lowest Calculated Bid, in the case of
20 Goods and Infrastructure or the Highest Rated Bid, in the case of Procurement of
21 Consulting Services undergoes verification and validation whether he has passed
22 all the requirements and conditions as specified in the Bidding Documents.

23 If the bidder with the Lowest Calculated Bid or Highest Rated Bid passes
24 all the criteria for post-qualification, his Bid shall be considered the "Lowest
25 Calculated Responsive Bid," in the case of Goods and Infrastructure or the
26 "Highest Rated Responsive Bid," in the case of Consulting Services. However, if
27 a bidder fails to meet any of the requirements or conditions, he shall be "post-
28 disqualified" and the BAC shall conduct the post-qualification on the bidder with

1 the second Lowest Calculated Bid or Highest Rated Bid. If the bidder with the
2 second Lowest Calculated Bid or Highest Rated Bid is post-disqualified, the same
3 procedure shall be repeated until the Lowest Calculated Responsive Bid or
4 Highest Rated Responsive Bid is finally determined.

5 In all cases, the contract shall be awarded only to the bidder with the
6 Lowest Calculated Responsive Bid or Highest Rated Responsive Bid.

7 **Sec. 34. Failure of Bidding.** - There shall be a failure of bidding when: a)
8 no prospective bidder applies for eligibility check; b) no bids are received; c) all
9 prospective bidders are declared ineligible or are disqualified from participating
10 in the competitive bidding; or, d) all bids fail to comply with all the Bid
11 requirements or fail post-qualification. In this event, the Procuring Entity shall
12 re-bid the contract either under the original or revised terms of reference. In the
13 latter case, there shall be re-advertisement as required under Article VII.

14 **Sec. 35. Single Calculated/Rated and Responsive Bid Submission.** - A
15 single calculated/rated and responsive bid shall be considered for award if it
16 falls under any of the following circumstances:

- 17 a) If after advertisement, only one prospective bidder submits a Letter of
18 Intent and/or applies for eligibility check, and meets the eligibility
19 requirements or criteria, after which it submits a bid, which is found to
20 be responsive to the bidding requirements;
- 21 b) If after the advertisement, more than one prospective bidder applies
22 for eligibility check, but only one bidder meets the eligibility
23 requirements or criteria, after which it submits a bid which is found to
24 be responsive to the bidding requirements; or
- 25 c) If after the eligibility check, more than one bidder meets the eligibility
26 requirements, but only one bidder submits a bid, and its bid is found
27 to be responsive to the bidding requirements.

1 In all instances, the Procuring Entity shall ensure that the Approved
2 Budget for the Contract reflects the most advantageous prevailing price for the
3 Government.

4 ARTICLE XII

5 AWARD, IMPLEMENTATION AND 6 TERMINATION OF THE CONTRACT

7 **Sec. 36. *Notice and Execution of Award.*** - Within a period not exceeding
8 fifteen (15) calendar days from the determination and declaration by the BAC of
9 the Lowest Calculated Responsive Bid or Highest Rated Responsive Bid, and the
10 recommendation of the award, the Head of the Procuring Entity or his duly
11 authorized representative shall approve or disapprove the said
12 recommendation. In case of approval, the Head of the Procuring Entity or his
13 duly authorized representative shall immediately issue the Notice of Award to
14 the bidder with the Lowest Calculated Responsive Bid or Highest Rated
15 Responsive Bid.

16 Within ten (10) calendar days from receipt of the Notice of Award, the
17 winning bidder shall formally enter into contract with the Procuring Entity.
18 When further approval of the signed authority is required, the approving
19 authority for the contract shall be given a maximum of twenty (20) calendar days
20 to approve or disapprove it. If the aforementioned approving authority or his
21 duly authorized representative fails to take any action on the contract within the
22 period specified in the preceding paragraph, the contract concerned shall be
23 deemed approved.

24 The Procuring Entity shall issue the Notice to Proceed to the winning
25 bidder not later than seven (7) calendar days from the date of approval of the
26 contract by the appropriate authority. All notices called for by the terms of the
27 contract shall be effective only at the time of receipt thereof by the contractor.

1 **Sec. 37. Performance Security.** - Prior to the signing of the contract, the
2 winning bidder shall, as a measure of guarantee for the faithful performance of
3 and compliance with his obligations under the contract prepared in accordance
4 with the Bidding Documents, be required to post a performance security in such
5 form and for amount as specified in the Bidding Documents.

6 **Sec. 38. Failure to Enter into Contract and Post Performance Security.** - If
7 the bidder with the Lowest Calculated Responsive Bid or Highest Rated
8 Responsive Bid fails, refuses or is otherwise unable to enter into contract with the
9 Procuring Entity, or fails to post the required performance security within the
10 period stipulated in the Bidding Documents, the bid security shall be forfeited
11 without prejudice to the imposition of sanctions prescribed under Article XIX.
12 Thereupon, the BAC shall disqualify the said bidder and shall undertake post-
13 qualification for the next-ranked Lowest Calculated Bid or Highest Rated Bid.
14 This procedure shall be repeated until an award is made. However, if no award
15 is possible, the contract shall be subjected to a new bidding in accordance with
16 the provisions of Section 34 of this Act.

17 **Sec. 39. Reservation Clause.** - The Head of the Agency reserves the right
18 to reject any and all Bids, declare a failure of bidding, or not award the contract
19 in the following situations:

20 (a) if there is *prima facie* evidence of collusion between appropriate public
21 officers or employees of the Procuring Entity, or between the BAC and
22 any of the bidders, or if the collusion is between or among the bidders
23 themselves, or between a bidder and a third party, including any act
24 which restricts, suppresses or nullifies or tends to restrict, suppress or
25 nullify competition;

26 (b) if the BAC is found to have failed in following the prescribed bidding
27 procedures; or

1 (c) for any justifiable and reasonable ground where the award of the
2 contract will not redound to the benefit of the government as defined
3 in the IRR.

4 **Sec. 40. *Contract Implementation and Termination.*** - The rules and
5 guidelines for the implementation and termination of contracts awarded
6 pursuant to the provisions of this Act shall be prescribed in the IRR. The rules
7 and guidelines shall include standard general and special conditions for
8 contracts.

9 ARTICLE XIII

10 ALTERNATIVE METHODS OF PROCUREMENT

11 **Sec. 41. *Alternative Methods.*** - Subject to the prior approval of the Head
12 of the Procuring Entity or his duly authorized representative, and whenever
13 justified by the conditions provided in this Act, the Procuring Entity may, in
14 order to promote economy and efficiency, resort to any of the following
15 alternative methods of Procurement:

- 16 a) *Limited Source Bidding*, otherwise known as Selective Bidding - a
17 method of Procurement that involves direct invitation to bid by the
18 Procuring Entity from a set of pre-selected suppliers or consultants
19 with known experience and proven capability relative to the
20 requirements of a particular contract;
- 21 b) *Direct Contracting*, otherwise known as Single Source Procurement
22 - a method of Procurement that does not require elaborate Bidding
23 Documents because the supplier is simply asked to submit a price
24 quotation or a pro-forma invoice together with the conditions of
25 sale, which offer may be accepted immediately or after some
26 negotiations;
- 27 c) *Repeat Order* - a method of Procurement that involves a direct
28 Procurement of Goods from the previous winning bidder,

whenever there is a need to replenish Goods procured under a contract previously awarded through Competitive Bidding;

d) *Shopping* - a method of Procurement whereby the Procuring Entity simply requests for the submission of price quotations for readily available off-the-shelf Goods or ordinary/regular equipment to be procured directly from suppliers of known qualification; or

e) *Negotiated Procurement* - a method of Procurement that may be resorted under the extraordinary circumstances provided for in Sec. 47 of this Act and other instances that shall be specified in the IRR, whereby the Procuring Entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant.

In all instances, the Procuring Entity shall ensure that the most advantageous price for the Government is obtained.

Sec. 42. *Limited Source Bidding.* - Limited Source Bidding may be resorted to only in any of the following conditions:

- a) Procurement of highly specialized types of Goods and Consulting Services which are known to be obtainable only from a limited number of sources; or
- b) Procurement of major plant components where it is deemed advantageous to limit the bidding to known eligible bidders in order to maintain an optimum and uniform level of quality and performance of the plant as a whole.

Sec. 43. *Direct Contracting.* - Direct Contracting may be resorted to only in any of the following conditions:

- a) Procurement of Goods of proprietary nature, which can be obtained only from the proprietary source, *i.e.* when patents,

1 trade secrets and copyrights prohibit others from
2 manufacturing the same item;

3 b) When the Procurement of critical components from a specific
4 manufacturer, supplier or distributor is a condition
5 precedent to hold a contractor to guarantee its project
6 performance, in accordance with the provisions of his
7 contract;

8 c) Those sold by an exclusive dealer or manufacturer, which does not have
9 sub-dealers selling at lower prices and for which no suitable substitute can be
10 obtained at more advantageous terms to the Government.

11 **Sec. 44. Repeat Order.** - When provided for in the Annual Procurement
12 Plan, Repeat Order may be allowed wherein the Procuring Entity directly
13 procures Goods from the previous winning bidder whenever there arises a need
14 to replenish goods procured under a contract previously awarded through
15 Competitive Bidding, subject to post-qualification process prescribed in the
16 Bidding Documents and provided all the following conditions are present:

17 a) The unit price must be equal to or lower than that provided
18 in the original contract;

19 b) The repeat order does not result in splitting of requisitions
20 or purchase orders;

21 c) Except in special circumstances defined in the IRR, the
22 repeat order shall be availed of only within six (6) months
23 from the date of the Notice to Proceed arising from the
24 original contract; and,

25 d) The repeat order shall not exceed twenty-five percent (25%) of the
26 quantity of each item of the original contract.

27 **Sec. 45. Shopping.** - Shopping may be resorted to under any of the
28 following instances:

- 1 a) When there is an unforeseen contingency requiring
2 immediate purchase: *Provided, however,* That the amount
3 shall not exceed Fifty Thousand Pesos (P50,000); or
- 4 b) Procurement of ordinary or regular office supplies and
5 equipment not available in the Procurement Service
6 involving an amount not exceeding Two Hundred Fifty
7 Thousand Pesos (P250,000): *Provided, however,* That the
8 Procurement does not result in Splitting of Contracts:
9 *Provided, further,* That at least three (3) price quotations from
10 bona fide suppliers shall be obtained.

11 The above amounts shall be subject to a periodic review by the GPPB. For
12 this purpose, the GPPB shall be authorized to increase or decrease the said
13 amount in order to reflect changes in economic conditions and for other
14 justifiable reasons.

15 There is splitting of contracts when two (2) or more contracts for similar
16 Goods are made in favor of one dealer or supplier within one (1) month of each
17 other, and analogous cases.

18 **Sec. 46. Negotiated Procurement.** - Negotiated Procurement shall be
19 allowed only in the following instances:

- 20 a) In case of imminent danger to life or property during a state
21 of calamity, or when time is of the essence arising from
22 natural or man-made calamities or other causes where
23 immediate action is necessary to prevent damage to or loss
24 of life or property, or to restore vital public services,
25 infrastructure facilities and other public utilities;
- 26 b) Take-over of contracts, which have been rescinded or
27 terminated for causes provided for in the contract and
28 existing laws, where immediate action is necessary to

1 prevent damage to or loss of life or property, or to restore
2 vital public services, infrastructure facilities and other public
3 utilities; and,

4 c) Where the subject contract is adjacent or contiguous to an
5 on-going infrastructure project: *Provided, however,* That the
6 original contract is the result of a Competitive Bidding; the
7 subject contract to be negotiated has similar or related
8 scopes of work; it is within the contracting capacity of the
9 contractor; the contractor uses the same prices or lower unit
10 prices as in the original contract less mobilization cost; the
11 amount involved does not exceed the amount of the ongoing
12 project; and, the contractor has no negative slippage:
13 *Provided, further,* That negotiations for the procurement are
14 commenced before the expiry of the original contract.
15 Whenever applicable, this principle shall also govern
16 consultancy contracts, where the consultants have unique
17 experience and expertise to deliver the required service; or

18 d) Subject to the guidelines specified in the IRR, purchases of Goods
19 from another agency of the Government, such as the Procurement Service of the
20 DBM, which is tasked with a centralized procurement of commonly used Goods
21 for the government in accordance with Letters of Instruction No. 755 and
22 Executive Order No. 359, series of 1989.

23 **Sec. 47. Terms and Conditions for the use of Alternative Methods.** - The
24 specific terms and conditions, including the limitations and restrictions, for the
25 application of each of the alternative methods mentioned in this Article shall be
26 specified in the IRR.

27 ARTICLE XIV

28 PROTEST AND APPEALS MECHANISMS

1 Republic Act No. 876, otherwise known as the "Arbitration Law": *Provided,*
2 *however,* That disputes falling within the competence of the Construction
3 Industry Arbitration Commission to resolve shall be referred thereto. The
4 process of arbitration shall be mandatory for all contracts executed pursuant to
5 the provisions of this Act. Recourse to arbitration however, shall be without
6 prejudice to the right of both parties to the contract to mutually agree in writing,
7 to resort to other alternative modes of dispute resolution.

8 **Sec. 53. Appeals.** - The arbitral award, and any decision issued in
9 accordance with the immediately preceding Section are appealable, by way of a
10 petition for review, to the Court of Appeals. The petition shall only raise pure
11 questions of law and shall be governed by the Rules of Court.

12 ARTICLE XVI

13 CONTRACT WARRANTIES

14 **Sec. 54. Warranty.** - (a) For the procurement of Goods, in order to assure
15 that manufacturing defects shall be corrected by the supplier, manufacturer, or
16 distributor, as the case may be, for a specific time after performance of the
17 contract, a warranty shall be required from the contract awardee for such period
18 of time as may be provided in the IRR, the obligation for which shall be covered
19 by either retention money in the amount equivalent to a percentage of every
20 progress payment, or a special bank guarantee equivalent to a percentage of the
21 total contract price, to be provided in the IRR. The said amounts shall only be
22 released after the lapse of the warranty period, provided that the Goods supplied
23 and/or the works performed are free from defects and all the conditions
24 imposed under the contract have been fully met.

25 (b) For the procurement of infrastructure projects, the contract shall
26 assume full responsibility for the contract work from the time project
27 construction commenced until five (5) years from its final acceptance by the
28 government and shall be held responsible for any damage or construction of

1 works except those occasioned by *force majeure*. The contractor shall be fully
2 responsible for the safety, protection, security, and convenience of his personnel,
3 third parties, and the public at large, as well as the works, equipment,
4 installation and the like to be affected by his construction work.

5 The contractor shall undertake the repair works, at his own expense, of
6 any defect or damage to the infrastructure projects on account of the use of
7 materials of inferior quality within ninety (90) days from the time the Secretary
8 of the Department of Public Works and Highways has issued an order to
9 undertake repair. In case of failure or refusal to comply with this mandate, the
10 government shall undertake such repair works and shall be entitled to full
11 reimbursement of expenses incurred therein upon demand.

12 Any contractor who fails to comply with the preceding paragraph shall
13 suffer perpetual disqualification from participating in any public bidding and his
14 property or properties shall be subject to attachment or garnishment proceedings
15 to recover the costs. All payables of government in his favor shall be offset to
16 recover the costs.

17 ARTICLE XVII

18 THE GOVERNMENT PROCUREMENT POLICY BOARD

19 **Sec. 55. *Organization and Functions.*** - A Government Procurement Policy
20 Board (GPPB) is hereby established to: (a) protect national interest in all matters
21 affecting public Procurement, having due regard to the country's regional and
22 international obligations; (b) formulate and amend, whenever necessary, the IRR
23 and the corresponding standard forms for Procurement; (c) ensure that
24 Procuring Entities regularly conduct Procurement training programs and
25 prepare a Procurement operations manual for all offices and agencies of
26 government; and (d) conduct an annual review of the effectiveness of this Act
27 and recommend any amendments thereto, as may be necessary.

1 The GPPB shall convene within fifteen (15) days from the effectivity of this
2 Act to formulate the IRR and for other related purposes.

3 In addition to the powers granted under this Act, the GPPB shall absorb
4 all the powers, functions and responsibilities of the Procurement Policy Board
5 created under Executive Order No. 359, series of 1989. All affected functions of
6 the Infrastructure Committee of the National Economic and Development
7 Authority is hereby transferred to the GPPB.

8 **Sec. 56. Membership.** - The GPPB shall be composed of the Secretary of the
9 Department of Budget and Management, as Chairman, the Director-General of
10 the National Economic Development Authority, as Alternate Chairman, with the
11 following as Members; the Secretaries of the departments of Public Works and
12 Highways, Finance, Trade and Industry, Health, National Defense, Education,
13 Interior and Local Government, Science and Technology, Transportation and
14 Communication, and Energy, and a representative from the private sector to be
15 appointed by the GPPB.

16 ARTICLE XVIII

17 PENAL CLAUSE

18 **Sec. 57. Offenses and Penalties.** - (a) Without prejudice to the provisions
19 of Republic Act No. 3019, otherwise known as the "Anti-Graft and Corrupt
20 Practices Act" and other penal laws, public officers who commit any of the
21 following acts shall suffer the penalty of imprisonment of not less than six (6)
22 years and one (1) day, but not more than fifteen (15) years:

- 23 1. Open any sealed Bid including but not limited to Bids that
24 may have been submitted through the electronic system and
25 any and all documents required to be sealed or divulging
26 their contents, prior to the appointed time for the public
27 opening of Bids or other documents.

- 1 2. Delay without any justifiable cause the screening process for
2 eligibility or the opening of Bids or the post-qualification
3 process.

4 When any of the foregoing acts is done in collusion with private
5 individuals, the private individuals shall likewise be liable for the offense.

6 In addition, the public officer involved shall also suffer the penalty of
7 temporary disqualification from public office, while the private individual shall
8 be permanently disqualified from transacting business with the Government.

9 (b) Private individuals who commit any of the following acts, including
10 any public officer, who conspires with them, shall suffer the penalty of
11 imprisonment of not less than six (6) years and one (1) day but not more than
12 fifteen (15) years:

- 13 1. When two or more bidders agree and submit different Bids
14 as if they were bona fide, when they knew that one or more
15 of them was so much higher than the other that it could not
16 be honestly accepted and that the contract will surely be
17 awarded to the pre-arranged lowest Bid.
- 18 2. When a bidder maliciously submits different Bids through
19 two or more persons, corporations, partnerships or any
20 other business entity in which he has interest to create the
21 appearance of competition that does not in fact exist so as to
22 be adjudged as the winning bidder.
- 23 3. When two or more bidders enter into an agreement which
24 call upon one to refrain from bidding for Procurement
25 contracts, or which call for withdrawal of Bids already
26 submitted, or which are otherwise intended to secure an
27 undue advantage to any one of them.

4. When a bidder, by himself or in connivance with others, employ schemes which tend to restrain the natural rivalry of the parties or operates to stifle or suppress competition and thus produce a result disadvantageous to the public.

In addition, the persons involved shall also suffer the penalty of temporary or perpetual disqualification from public office and be permanently disqualified from transacting business with the Government.

(c) Private individuals who commit any of the following acts, and any public officer conspiring with them, shall suffer the penalty of imprisonment of not less than six (6) years and one (1) day but not more than fifteen (15) years:

1. Submit eligibility requirements of whatever kind and nature that contain false information or falsified documents calculated to influence the outcome of the eligibility screening process or conceal such information in the eligibility requirements when the information will lead to a declaration of ineligibility from participating in public bidding.
2. Submit Bidding Documents of whatever kind and nature that contain false information or falsified documents or conceal such information in the Bidding Documents, in order to influence the outcome of the public bidding.
3. Participate in a public bidding using the name of another or allow another to use one's name for the purpose of participating in a public bidding.
4. Withdraw a Bid, after it shall have qualified as the Lowest Calculated Bid/Highest Rated Bid, or refuse to accept an award, without just cause or for the purpose of forcing the Procuring Entity to award the contract to another bidder.

1 This shall include the non-submission within the prescribed
 2 time, or delaying the submission of requirements such as,
 3 but not limited to, performance security, preparatory to the
 4 final award of the contract.

5 (d) When the bidder is a juridical entity, criminal liability and the
 6 accessory penalties shall be imposed on its officers or employees who actually
 7 commit any of the foregoing acts.

8 **Sec. 58. Jurisdiction.** - Jurisdiction over the offenses defined under this
 9 Article shall belong to the appropriate courts, according to laws existing at the
 10 time of the commission of the offenses.

11 ARTICLE XIX

12 CIVIL LIABILITY

13 **Sec. 59. Civil Liability in Case of Conviction.** - Without prejudice to
 14 administrative sanctions that may be imposed in proper cases, a conviction
 15 under this Act or Republic Act No. 3019 shall carry with it civil liability, which
 16 may either consist of restitution for the damage done or the forfeiture in favor of
 17 the government of any unwarranted benefit derived from the act or acts in
 18 question or both, at the discretion of the courts.

19 **Sec. 60. Liquidated Damages.** - All contracts executed in accordance with
 20 this Act shall contain a provision on liquidated damages which shall be payable
 21 in case of breach thereof. The amount thereof shall be specified in the IRR.

22 ARTICLE XX

23 ADMINISTRATIVE SANCTIONS

24 **Sec. 61. Imposition of Administrative Penalties.** - (a) In addition to the
 25 provisions of Article XVII and XVIII of this Act, the Head of the Procuring Entity,
 26 subject to the authority delegated to the BAC, if any, shall impose on bidders or
 27 prospective bidders, the administrative penalty of suspension for one (1) year for

the first offense, and suspension of two (2) years for the second offense from participating in the public bidding process, for the following violations:

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 he had been adjudged as having submitted the Lowest Calculated Responsive Bid or Highest Rated Responsive Bid.
5. Refusal or failure to post the required performance security within the prescribed time.
6. Termination of the contract due to the default of the bidder.
7. 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.
8. Any document unsolicited attempt by a bidder to unduly influence the outcome of the bidding in his favor.
9. All other acts that tend to defeat the purpose of the Competitive Bidding.

(b) In addition to the penalty of suspension, the Bid security or the performance security posted by the concerned bidder or prospective bidder shall also be forfeited.

1 (c) The Head of the Procuring Entity may delegate to the BAC the
2 authority to impose the aforementioned administrative penalties.

3 ARTICLE XXI

4 INDEMNIFICATION OF BAC MEMBERS

5 **Sec. 62. *Indemnification of BAC and BAC Secretariat Members.*** - The
6 Procuring Entity shall indemnify public officials for all costs and expenses
7 reasonably incurred by such persons in connection with any civil or criminal
8 action, suit or proceeding to which they have been made a party by reason of the
9 performance of their functions or duties, unless they are finally adjudged in such
10 action or proceeding to be liable for gross negligence or misconduct.

11 In the event of a settlement or compromise, indemnification shall be
12 confined only on matters covered by the settlement, as to which the Procuring
13 Entity had been advised by counsel that the public officials to be indemnified
14 have not committed gross negligence or misconduct in the performance of their
15 functions and duties.

16 The members of the BAC and the BAC Secretariat shall also be entitled to
17 medical assistance for injuries incurred in the performance of their functions.

18 ARTICLE XXII

19 FINAL PROVISIONS

20 **Sec. 63. *Agency Incentives.*** - In instances where an agency generates
21 savings from a procurement contract, fifty percent (50%) of such savings shall
22 accrue to the account of the agency and fifty percent (50%) will revert back to the
23 National Treasury. For purposes of this provision, savings shall mean to be the
24 difference between the approved budget for the contract and the actual amount
25 of the awarded contract. The DBM shall issue the necessary guidelines for the
26 proper implementation of this provision.

27 **Sec. 64. *Implementing Rules and Regulations and Standard Forms.*** -
28 Within sixty (60) days from the promulgation of this Act, the necessary rules and

1 regulations for the proper implementation of its provisions shall be formulated
2 by the GPPB and approved by the President of the Philippines. For a period not
3 later than thirty (30) days upon the approval of the implementing rules and
4 regulations, the standard forms for Procurement shall be formulated and
5 approved.

6 **Sec. 65. Repealing Clause.** - This Act specifically repeals Executive Order
7 No. 262 dated July 5, 2000, entitled "Amending Executive Order No. 302, Series
8 of 1996, entitled 'Providing Policies, Guidelines, Rules and Regulations for the
9 Procurement of Goods/Supplies by the National Government' and Section Three
10 (3) of Executive Order No. 201, Series of 2000, Entitled 'Providing Additional
11 Policies and Guidelines in the Procurement of Goods and Supplies by the
12 National Government'; Executive Order No. 302, Series of 1996, Entitled
13 "Providing Policies, Guidelines, Rules and Regulations for the Procurement of
14 Goods/Supplies by the National Government"; and Presidential Decree No.
15 1594 dated June 11, 1978, entitled "Prescribing Policies, Guideline, Rules and
16 Regulations for Government Infrastructure Contracts".

17 All other laws, presidential decrees or issuances, executive orders, letters
18 of instruction, administrative orders, rules and regulations, and any part thereof
19 which are inconsistent with the provisions of this Act are hereby repealed,
20 modified or amended accordingly.

21 **Sec. 66. Separability Clause.** - If any provision of this Act is declared
22 invalid or unconstitutional, the other provisions not affected thereby shall
23 remain valid and subsisting.

24 **Sec. 67. Effectivity Clause.** - This Act shall take effect fifteen (15) days
25 following its publication in the Official Gazette or in two (2) newspapers of
26 general circulation.

27 Adopted,