



## RESOLUTION NO. 03-2015

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### APPROVING THE CIRCULAR CLARIFYING THE RULES ON THE ADJUSTMENT OF THE APPROVED BUDGET FOR THE CONTRACT (ABC)

**WHEREAS**, Republic Act (RA) No. 9184, otherwise known as the “Government Procurement Reform Act” and its revised Implementing Rules and Regulations (IRR) took effect on 26 January 2003 and 2 September 2009, respectively;

**WHEREAS**, Section 63 of RA 9184 mandates the Government Procurement Policy Board (GPPB) to protect national interest in all matters affecting public procurement and to formulate, amend, whenever necessary, the Implementing Rules and Regulations (IRR) and the corresponding standard forms for procurement;

**WHEREAS**, on 1 April 2005, the GPPB approved and adopted the rule on Adjustment of the ABC through GPPB Resolution No. 07-2005, clarifying Sections 35 and 53.1 of the former IRR-A, *to wit*:

- I. The ABC may be adjusted upwards *only* under the following conditions:
  1. There has been a failure of bidding for the second time due to all bids submitted exceeding the ABC or no bids have been submitted, or failure in the negotiated procurement after two failed biddings; and
  2. There has been previous modification of the terms, conditions, and specifications of the project based on Section 35 of the IRR-A, except when the project is indivisible, where the technical component is an integral part of the whole that cannot be reduced, and it constitutes the minimum requirement of the procuring entity for which there are no substitutes.
- II. The ABC may be adjusted downwards if there is a need to reflect actual market prices and/or scope of work or suit actual field conditions of the project.
- III. Upon adjustment of ABC, the procuring entity must conduct re-bidding with re-advertisement/posting. Any succeeding adjustment of the ABC shall be in accordance with these guidelines.

**WHEREAS**, on 22 July 2009, the GPPB approved the latest draft of the revised IRR of RA 9184 as recommended by the Executive Committee created by the GPPB tasked with the review and initial approval of the latest draft of the Revised IRR of R.A. 9184, amending Sections 35 and 53.1 of the IRR, among others;

**WHEREAS**, both Sections 35 and 53.1 of the revised IRR of RA 9184 now expressly provide for the adjustment of ABC, if necessary, subject to the required approvals, with section 53.1.1 specifically providing for a twenty percent (20%) threshold in case of increase in ABC;

**WHEREAS**, Section 75 of the revised IRR provides that:

The IRR repeals Memorandum No. 1999 dated 18 September 2003, otherwise known as the “Implementing Rules and Regulations Part A” and relevant portions of Executive Order No. 301, series of 1987 entitled “Decentralizing Actions on Government Negotiated Contracts, Lease Contracts and Records Disposal”. Any other issuance, executive order, administrative order, proclamation, charter, rule or regulation and/or parts thereof contrary to or inconsistent with the provisions of this IRR is hereby repealed, modified or amended accordingly.

**WHEREAS**, the considerations and parameters for the adjustment of the ABC embodied in GPPB Resolution No. 07-2005 are now expressly addressed in Sections 35.2, 35.3 and 53.1 of the revised IRR of RA 9184;

**WHEREAS**, notwithstanding the amendment of Sections 35.2, 35.3 and 53.1 of the revised IRR of RA 9184, and the repeal of GPPB Resolution No. 07-2005 by virtue of Section 75 of the revised IRR, GPPB Resolution No. 07-2005 creates confusion among procuring entities as to the manner by which they will adjust the ABC, which causes delay in procurement, particularly in the re-bidding or the conduct of the negotiated procurement (two-failed biddings).

**WHEREAS**, during the 1<sup>st</sup> GPPB and Inter-Agency Technical Working Group (IATWG) Joint Regular Meeting on 30 January 2015, the Board discussed the matter, and after careful deliberations, favorably approved the recommendation of the GPPB-TSO;

**NOW, THEREFORE**, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on **US** by law, hereby **RESOLVE** to confirm, adopt and approve, as **WE** hereby confirm, adopt and approve the issuance of a Circular to:

1. **CLARIFY** that the rules on the adjustment of the ABC issued through GPPB Resolution 07-2005 has already been abandoned and repealed by virtue of the amendment of Sections 35 and 53 of the revised IRR of RA 9184, which now provides for the adjustment of ABC, subject to applicable threshold, if any, and required budget approvals.

This Resolution shall take effect immediately.

**APPROVED** this 30<sup>th</sup> day of January 2015 at Pasig City, Philippines.

(Sgd.)

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**DEPARTMENT OF BUDGET AND  
MANAGEMENT**

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**NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY**

(Sgd.)

**DEPARTMENT OF EDUCATION**

(Sgd.)

**DEPARTMENT OF ENERGY**

(Sgd.)

**DEPARTMENT OF FINANCE**

(Sgd.)

**DEPARTMENT OF HEALTH**

**DEPARTMENT OF THE INTERIOR AND  
LOCAL GOVERNMENT**

(Sgd.)

**DEPARTMENT OF NATIONAL  
DEFENSE**

(Sgd.)

**DEPARTMENT OF PUBLIC WORKS AND  
HIGHWAYS**

**DEPARTMENT OF SCIENCE AND  
TECHNOLOGY**

**DEPARTMENT OF TRADE AND  
INDUSTRY**

(Sgd.)

**DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS**

(Sgd.)

**PRIVATE SECTOR REPRESENTATIVE**

Attested by:

(Sgd.)

**DENNIS S. SANTIAGO**  
*Board Secretary, GPPB*  
*Executive Director, GPPB-TSO*