

# GOVERNMENT PROCUREMENT POLICY BOARD

## RESOLUTION NO. 013-2004

**TO ENDORSE, FOR APPROVAL, TO THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES, HER EXCELLENCY PRESIDENT GLORIA MACAPAGAL - ARROYO, THE AMENDMENT TO SECTION 23.11.2 (3) OF THE IRR-A OF R.A. 9184.**

**WHEREAS**, Republic Act No. 9184 (R.A. 9184), otherwise known as “Government Procurement Reform Act”, and its Implementing Rules and Regulations Part A (IRR-A) took effect on January 26, 2003 and October 8, 2003 respectively;

**WHEREAS**, as part of the eligibility criteria for the procurement of infrastructure projects, Section 23.11.2 (3) of IRR-A provides that the value of the prospective bidder’s largest single completed contract, adjusted to current prices using the National Statistics Office consumer price indices available at the G-EPS website, and similar to the contract to be bid, must be at least fifty percent (50%) of the approved budget for the contract to be bid: *Provided, however*, That in case of a contractor under Small A and Small B categories without similar experience on the contract to be bid, he may be allowed to bid if the cost of such contract is not more than fifty percent (50%) of the allowable range of contract cost (ARCC) of his registration;

**WHEREAS**, the same provision of the IRR-A prescribes the ARCC per Philippine Contractors Accreditation Board (PCAB) registration of contractors, as follows:

Registration Particular	
Category	ARCC (in Million Pesos)
Small A	Up to 0.5
Small B	Up to 3
Medium A	Up to 15
Medium B	Up to 30
Large A	Up to 50
Large B	Less than or above 50

**WHEREAS**, the above-mentioned provision setting forth the ARCC of contractors is based on the PCAB guidelines for classification and categorization of contractors which have long been set in 1981 and 1989 respectively;

**WHEREAS**, in order to enhance the contractors’ performance and efficiency, and to ensure project completion without compromising public safety, there is a need to upgrade the financial capabilities of government contractors by making corresponding adjustments in the contractor’s financial requirements for a license as well as the ARCC per category/size range of PCAB-registered government contractors in view of the increasing costs of construction over the years;

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**WHEREAS**, due to the need of the PCAB to review and update the minimum net worth requirements for categorization of contractors, at least every after five (5) years or as often as necessary, based on the Consumer Price Index or the purchasing power of the Peso, the ARCC under Section 23.11.2 (3) of IRR-A is subject to recurring adjustments to reflect the current values of the financial requirements, ARCC and track record requirements of contractors;

**WHEREAS**, the PCAB, in its Board Resolution No. 949 series of 2003, pursuant to Board Resolution No. 9 series of 2003 of the Construction Industry Authority of the Philippines (CIAP), resolved to adjust to current values the financial requirements for a license as well as the ARCC per category/size range of PCAB-registered government contractors starting Contracting Fiscal Year (CFY) 2004-2005;

**WHEREAS**, the PCAB, in its Board Resolution No.001 series of 2004, resolved to make adjustments on the ARCC and Single Largest Project (SLP) requirements, and provided for a two (2)- year implementation period for every stage of the adjustment process of the ARCC;

**WHEREAS**, during the 6<sup>th</sup> Government Procurement Policy Board (GPPB) meeting held on August 20, 2004, in view of the foregoing PCAB Board Resolutions, the members of the Board discussed and duly considered the need to amend Section 23.11.2 (3) of IRR-A to conform with the PCAB Revised guidelines for registration and classification of contractors, as amended;

**WHEREAS**, during the said meeting, the members agreed to issue a resolution endorsing for approval to the President of the Republic of the Philippines, Her Excellency President Gloria Macapagal - Arroyo, the proposed amendment to Section 23.11.2 (3) of IRR-A.

**NOW, THEREFORE**, for and in consideration of the foregoing, WE, the Members of the **Government Procurement Policy Board**, by virtue of the powers vested in US by law, hereby **RESOLVE**:

To endorse, for approval, to the President of the Republic of the Philippines, Her Excellency President Gloria Macapagal - Arroyo, Section 23.11.2 of the IRR-A of R.A. 9184, as amended, to read:

3. The value of the prospective bidder's largest single completed contract, adjusted to current prices using the National Statistics Office consumer price indices available at the G-EPS website, and similar to the contract to be bid, must be at least fifty percent (50%) of the approved budget for the contract to be bid: Provided, however, That in case of a contractor under Small A and Small B categories without similar experience on the contract to be bid, he may be allowed to bid if the

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cost of such contract is not more than fifty percent (50%) of the allowable ranges contract cost (ARCC) of his registration. *For this purpose, the classification of contractors vis-à-vis the ARCC shall be based on the Guidelines as prescribed by the Philippine Contractors Accreditation Board (PCAB).*

This resolution shall take effect immediately.

**APPROVED** this 20<sup>th</sup> day of August, 2004 at Pasig City, Philippines

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**HON. EMILIA T. BONCODIN**

Secretary  
Department of Budget and Management

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**HON. ROMULO L. NERI**

Director General  
National Economic and Development  
Authority

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**NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY**

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**DEPARTMENT OF NATIONAL  
DEFENSE**

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**DEPARTMENT OF EDUCATION**

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**DEPARTMENT OF HEALTH**

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**DEPARTMENT OF INTERIOR AND  
LOCAL GOVERNMENT**

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**DEPARTMENT OF ENERGY**

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**DEPARTMENT OF PUBLIC WORKS  
AND HIGHWAYS**

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**DEPARTMENT OF FINANCE**

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**DEPARTMENT OF TRADE AND  
INDUSTRY**

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**DEPARTMENT OF SCIENCE AND  
TECHNOLOGY**

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**DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS**

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**PRIVATE SECTOR REPRESENTATIVE**