



## RESOLUTION NO. 02-2012

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### REMINDING PROCURING ENTITIES TO ENSURE THAT ITS CONTRACTORS COMPLY WITH LABOR LAWS AND OTHER SOCIAL LEGISLATIONS

**WHEREAS**, Section 63 of Republic Act (RA) 9184 mandates the Government Procurement Policy Board (GPPB) to formulate and amend, whenever necessary, the Implementing Rules and Regulations and the corresponding standard forms for procurement;

**WHEREAS**, on 7 May 2008, the GPPB issued Circular No. 03-2008 clarifying the rules on the adoption of additional eligibility and technical documents to ensure compliance with labor laws and other social legislation;

**WHEREAS**, the Department of Labor and Employment (DOLE) issued Department Order No. 18-A, Series of 2011 dated 14 November 2011 requiring, among others, that the Service Agreement between the Principal and the Contractor should conform to the Standard Computation of administrative cost, which should not be less than ten percent (10%) of the total contract cost provided in Section 9 (b) (ii) thereof;

**WHEREAS**, in its letter dated 5 January 2012, the DOLE requested the GPPB to issue an advisory enjoining all government agencies to ensure that the bidder with the lowest calculated and responsive bid complies with labor laws and other social legislations and to append DOLE DO 18-A to the advisory that will be disseminated to all government agencies;

**WHEREAS**, the matter was presented to the GPPB in its meeting on 27 January 2012, where it was discussed and agreed upon that the issuance of the requested circular requiring contractors to comply with labor laws and other social legislations may be issued once more;

**WHEREAS**, on the request to append the DOLE DO 18-A which also requires a minimum of ten percent (10%) administrative cost, the GPPB noted that the requirement does not necessarily ensure that the laborers will receive the correct wages and benefits under labor laws and social legislations from their employers. Moreover, it was noted that the requirement may diffuse the effect of competitive bidding on contract price and increase the probability of ties or equal bids among bidders;

**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 following:



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1. Issue the circular reminding procuring entities to ensure that contractors comply with existing labor laws and social legislations, a copy of which is attached hereto as Annex "A" and made an integral part hereof; and
2. Instruct the GPPB-TSO to coordinate with the DOLE with respect to the concerns on the application of the minimum administrative fee requirement.

This resolution shall take effect immediately.

**APPROVED** this 27<sup>th</sup> day of January 2012 at Pasig City, Philippines

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DEPARTMENT OF BUDGET AND  
MANAGEMENT

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NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY

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DEPARTMENT OF EDUCATION

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DEPARTMENT OF ENERGY

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DEPARTMENT OF FINANCE

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DEPARTMENT OF HEALTH

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DEPARTMENT OF THE INTERIOR AND  
LOCAL GOVERNMENT

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DEPARTMENT OF NATIONAL  
DEFENSE

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DEPARTMENT OF PUBLIC WORKS AND  
HIGHWAYS

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DEPARTMENT OF SCIENCE AND  
TECHNOLOGY

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DEPARTMENT OF TRADE AND  
INDUSTRY

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DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS

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PRIVATE SECTOR REPRESENTATIVE



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Attested by:

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