



## RESOLUTION NO. 05-2006

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### **TO PROVIDE THE EXEMPTION FROM POSTING OF PERFORMANCE SECURITY FOR GOODS PROCURED THROUGH SHOPPING UNDER SECTION 52 (a) OF THE IRR-A OF RA 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**, pursuant to Section 39 of R.A. 9184, the winning bidder is required to post a performance security as a measure of guarantee for the faithful performance of and compliance with obligations under the contract;

**WHEREAS**, the posting of a performance security guarantees the faithful performance of the supplier to indemnify or compensate the Government for any damage or loss due to non-completion of projects or non-performance of contracts;

**WHEREAS**, the alternative method of Shopping under Section 52 (a) of the IRR-A may be resorted to in the procurement of goods in cases where there is an unforeseen contingency requiring immediate purchase;

**WHEREAS**, to require the supplier, specifically selected by the procuring entity from whom the goods shall be directly procured, to still post a performance security in cases where shopping under Section 52 (a) of the IRR-A of RA 9184 is resorted to, will result to an absurdity and render the requirement hardly practicable and reasonable in view of the immediate compliance of the supplier’s obligation to deliver or perform, such that, there is no more delivery or performance to be guaranteed or secured, thereby rendering nugatory the purpose for which the performance security is to be posted.

**NOW, THEREFORE**, premises considered, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on **US** by law, hereby **RESOLVE** to adopt, as **WE** hereby adopt the rule as to the exemption of suppliers from further posting a performance security in cases where the procurement is done through



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Shopping under Section 52 (a) of the IRR-A of RA 9184 provided however, that the goods procured shall be delivered upon purchase.

This resolution shall take effect immediately.

**APPROVED** this 20<sup>th</sup> of January, 2006 at Pasig City, Philippines.

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(Sgd)  
**ROMULO L. NERI**  
Secretary  
Department of Budget and Management

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(Sgd)  
**AUGUSTO B. SANTOS**  
Secretary  
National Economic and Development  
Authority

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**NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY**

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(Sgd)  
**DEPARTMENT OF NATIONAL  
DEFENSE**

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(Sgd)  
**DEPARTMENT OF EDUCATION**

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(Sgd)  
**DEPARTMENT OF HEALTH**

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(Sgd)  
**DEPARTMENT OF THE INTERIOR  
AND LOCAL GOVERNMENT**

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(Sgd)  
**DEPARTMENT OF ENERGY**

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**DEPARTMENT OF PUBLIC WORKS  
AND HIGHWAYS**

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(Sgd)  
**DEPARTMENT OF FINANCE**



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(Sgd)

**DEPARTMENT OF TRADE AND  
INDUSTRY**

(Sgd)

**DEPARTMENT OF SCIENCE AND  
TECHNOLOGY**

(Sgd)

**DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS**

(Sgd)

**PRIVATE SECTOR REPRESENTATIVE**

Attested by:

(Sgd)

**ELMER H. DORADO**  
OIC Board Secretary, GPPB  
Officer-in-Charge, GPPB-TSO