

# GOVERNMENT PROCUREMENT POLICY BOARD

## RESOLUTION NO. 06-2004

**WHEREAS**, Republic Act No. 9184 (“R.A. 9184”), entitled “An Act Providing for Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes,” was signed into law on January 10, 2003, and took effect on January 26, 2003. On the other hand, its Implementing Rules and Regulations Part A (“IRR-A”) was approved on September 18, 2003 and took effect on October 8, 2003;

**WHEREAS**, Section 23.11.2 (3) of the IRR-A of R.A. 9184 prescribes that a prospective bidder’s largest single contract similar to the contract to be bid, must be at least fifty percent (50%) of the approved budget for the contract to be bid as one of the eligibility criteria in the procurement of infrastructure projects; however, in the case of a contractor under Small A and Small B categories without similar experience on the contract to be bid, the contractor 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. For this purpose, the ARCC per Philippine Contractors Accreditation Board’s (“PCAB”) registration of contractor shall be:

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**, considering that for government contracts, the financial requirements for PCAB license categories as well as the ARCC and track record requirements based on a contractor’s Single Largest Project (“SLP”) completed, have long been set in 1981 and 1989, respectively; the purchasing power of Peso having dropped from One Peso (Php 1.00) in year 1988 to Eighty Five Centavos (Php 0.085) in year 2003 based on Consumers Price Index; and, the concomitant increase in the costs of construction over the years at 234.35 index points from year 1989 to year 2002, there is a need to upgrade the financial capabilities of government contractors to enhance the contractors’ performance and efficiency, and ensure project completion without compromising public safety;

**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

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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 SLP requirements, and provided for a two (2)-year implementation period for every stage of the adjustment process of the ARCC;

**WHEREAS**, in view of the foregoing PCAB Board Resolutions, CIAP submitted a draft proposal on the necessary amendment to the ARCC table in Section 23.11.2 (3) of the IRR-A of R.A. 9184, to the Government Procurement Policy Board (“GPPB”);

**WHEREAS**, during the 2<sup>nd</sup> GPPB meeting held on March 10, 2004, CIAP presented the proposed amendments to ARCC table in Section 23.11.2 (3) of the IRR-A of R.A. 9184;

**WHEREAS**, during the said meeting, the members of the Board discussed and considered the proposed amendments to Section 23.11.2 (3) of the IRR-A of R.A. 9184 and agreed to adopt the amendments thereto;

**WHEREAS**, during the 3<sup>rd</sup> GPPB meeting held on April 28, 2004, 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 amendment to Section 23.11.2 (3) of the IRR-A of R.A. 9184.

**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 the approval to the President of the Republic of the Philippines, Her Excellency President Gloria Macapagal - Arroyo, the Allowable Ranges in Contact Costs (ARCC) table in Section 23.11.2 (3) of the IRR-A of R.A. 9184, as amended, as follows:

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Registration Particulars				
Category	Allowable Range of Contract Cost (in Million Pesos)			
	Prior and up to CFY 2003-2004 (For projects advertised for bidding prior and up to June 30, 2004)	CFYs 2004-2005 & 2005-2006 (For projects advertised for bidding from July 1, 2004 to June 30, 2006)	CFYs 2006-2007 & 2007-2008 (For projects advertised for bidding from July 1, 2006 to June 30, 2008)	CFYs 2008-2009 & 2009-2010 (For projects advertised for bidding from July 1, 2008 to June 30, 2010)
Small A	Up to 0.5	Up to 0.5	Up to 0.5	Up to 0.5
Small B	Up to 3	Up to 10	Up to 20	Up to 30
Medium A	Up to 15	Up to 50	Up to 100	Up to 150
Medium B	Up to 30	Up to 100	Up to 200	Up to 300
Large A	Up to 50	Up to 150	Up to 300	Up to 500
Large B	Less than or above 50	Less than or above 150	Less than or above 300	Less than or above 500

This resolution shall take effect immediately.

**APPROVED** this 28<sup>th</sup> day of April, 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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**HON. EDILBERTO C. DE JESUS**

Secretary  
Department of Education

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**HON. VICENTE S. PEREZ, JR.**

Secretary  
Department of Energy

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**HON. JUANITA D. AMATONG**

Acting Secretary  
Department of Finance

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**HON. MANUEL M. DAYRIT**

Secretary  
Department of Health

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**HON. JOSE D. LINA, JR.**

Secretary  
Department of Interior and Local  
Government

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**HON. EDUARDO R. ERMITA**

Secretary  
Department of National Defense

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**HON. FLORANTE M. SORIQUEZ**

Secretary  
Department of Public Works and  
Highways

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**HON. ESTRELLA F. ALABASTRO**

Secretary  
Department of Science and Technology

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**HON. CESAR V. PURISIMA**

Secretary  
Department of Trade and Industry

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**HON. LEANDRO R. MENDOZA**

Secretary  
Department of Transportation and  
Communication

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**HON. FIORELLO R. ESTUAR**

Private Sector Representative