

NPM No. 073-2016

15 November 2016

MR. MENDANDRO CARAMAT
KEMANLEE GENERAL MERCHANDISE
1151 Dalicno, Itogon, Benguet, 2604

Re: Single Largest Completed Contract (SLCC)

Dear Mr. Caramat:

This refers to your electronic mail (e-mail) requesting for update on the rules relative to the Single Largest Completed Contract (SLCC).

It is represented that Kemanlee is a newly established business and does not have much contractual experience yet. Nonetheless, it acquired information that the required SLCC need not be 50% of the Approved Budget for the Contract (ABC), and that accumulated similar contracts which sums up to 50% of the ABC would suffice. It is in this wise that you ask for clarification on the matter.

Please be informed that the SLCC requirement under Section 23.5.1.3 of the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. RA 9184, as technical eligibility criterion, is imposed for the purpose of establishing a tangible gauge for the bidder's track record and capacity to perform contractual obligations.¹ This is a guarantee to all Procuring Entities (PEs) that only eligible and qualified private contracting parties can participate in public bidding. Nonetheless, this general rule on the SLCC requirement for the procurement of goods is subject to exception. Thus, if at the outset and after conducting market research, the PE can already determine that imposing the SLCC requirement will likely result to failure of bidding, or monopoly that will defeat the purpose of public bidding, the PE, in lieu of the SLCC, may require the following:

- a) The prospective bidder should have completed at least two (2) similar contracts and the aggregate contract amounts should be equivalent to at least the percentage of the required ABC; and
- b) The largest of these similar contracts must be equivalent to at least half of the percentage of the required ABC.²

In relation to this, under Bid Data Sheet (BDS) Clause 5.4 of the Philippine Bidding Documents (PBDs) for the Procurement of Goods, it is incumbent upon PEs to determine whether they will impose the general SLCC requirement or they will use the exception under the second paragraph of Section 23.5.1.3 of the IRR of RA 9184 to properly inform all

¹ NPM No. 031-2009 dated 10 June 2009.

² Section 23.5.1.3, 2nd par. of the IRR of RA 9184.

interested bidders on the technical eligibility criterion to be used for the specific procurement project.

In this regard, if it is determined by the procuring entity that imposing the SLCC requirement will likely result in failure of bidding, or monopoly that will defeat the purpose of public bidding, the exception under the second paragraph of Section 23.5.1.3 of the IRR of RA 9184 may be utilized, provided that it is clearly indicated in BDS Clause 5.4 of the PBDs for the Procurement of Goods.

As an exception to the rule, the procuring entity may allow the submission of at least 2 similar contracts with aggregate contract amounts equivalent to at least the percentage of the ABC required. It must be noted, however, that it is up to the procuring entity, after conducting market research, whether to allow the same, upon determination of a possible failure of bidding or monopoly that could occur.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director V

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