



Department of Budget and Management
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 12-2014

31 March 2014

MR. LARRY L. CABATIC, PH. D.
Campus Director
PHILIPPINE SCIENCE HIGH SCHOOL SYSTEM
ILOCOS REGION CAMPUS
San Ildefonso, Ilocos Sur

Re: Implementation of Infrastructure Projects By Administration


Dear Dr. Cabatic:

This is in response to your letter dated 6 March 2014, which we received on 20 March 2014, seeking clearance and guidance on the execution of infrastructure projects through administration.

As represented, the Philippine Science High School - Ilocos Region Campus (PSHS-Ilocos) has programmed and funded 2014 infrastructure projects, namely, Construction of Road Networks, Parking Area, and Drainage Canals (Phase II) and Construction of the Multi-purpose Gymnasium, with allocation of Six Million and Four Million Pesos, respectively. In order to optimize its budget resources, PSHS-Ilocos is considering executing said projects by administration considering that there are adequate technical capabilities in the organization. PSHS-Ilocos intends to procure the materials through competitive bidding and engage the services of available manpower with the municipality, especially those given skills training in collaboration with the Technical Education and Skills Development Authority (TESDA) and the local government of San Ildefonso, Ilocos Sur.

At the outset, we wish to inform you that clearance from this office is not a requirement in implementing projects by administration sanctioned under the Revised Guidelines for the Implementation of Infrastructure Projects By Administration¹ (Guidelines) issued by the Government Procurement Policy Board (GPPB).

For further guidance on the matter, we refer to Section 3 of the Guidelines for the conditions and requirements in implementing projects "by administration", thus:

1. The project to be undertaken by administration shall be included in the approved Annual Procurement Plan of the procuring entity.
2. The implementing agency, *i.e.* the government unit undertaking the construction of an infrastructure project, must have the following qualifications: 

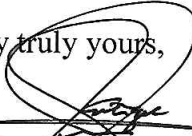
¹ Issued by the GPPB through GPPB Resolution No. 18-2006 dated 6 December 2006.

- a. Track record of having completed, or supervised a project, by administration or by contract, similar to and with a cost of at least fifty percent (50%) of the project at hand; and
 - b. Own tools and construction equipment to be used or have access to such tools and equipment owned by other government agencies.
3. The project to be undertaken by administration by the implementing agency must cost Twenty Million Pesos or less. Projects costing more than said threshold are subject to limitations and approval requirements under Section 3.3 of the Guidelines.
 4. No contractor shall be used by the procuring entity, directly or indirectly, for works undertaken by administration.
 5. Procurement of tools and construction equipment shall be subject to the rules on public bidding.
 6. The manual labor component may be undertaken in-house by the implementing agency, by job order, or through *pakyaw* contracting system in accordance with Section 4 of the Guidelines.

In line with the foregoing, we wish to clarify that undertaking infrastructure projects by administration is a decision that appropriately falls within the discretion and responsibility of the procuring entity concerned. In the same vein, it falls upon the same procuring entity to ensure that the conditions and requirements established in the Guidelines are complied with.

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