



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

NPM No. 32-2012

4 April 2012

MS. ROSETTE B. VILLAFLOR

Officer in Charge

OFFICE OF THE CITY PLANNING & DEVELOPMENT COORDINATOR

Danao City

Re: Infrastructure Projects by Administration

Dear Ms. Villaflor:

We respond to your letter dated 19 January 2012 requesting for clarification on two issues related to the Revised Guidelines for the Implementation of Infrastructure Projects by Administration¹ (Guidelines) under the Implementing Rules and Regulations (IRR) of Republic Act (RA) 9184. The specific queries are the following:

1. Can the Office of the City Planning & Development Coordinator (OCPDC) include in the preparation of Program of Work and Estimates the cost of rental of equipment and tools to be used in the project construction considering that such tools are not available in OCPDC?; and
2. Is the OCPDC limited by law to implement all its infrastructure projects by administration?

For your guidance, the Program of Work shows the general methods, arrangements, order, and timing for all the activities in the Works². It must include, among others, estimates of the work, items, quantities and costs and a Program Evaluation Review Technique /Critical Path Method (PERT/CPM) for the project activities. Normally, the Program of Work is submitted by the contractor to the procuring entity before starting a project.

In the case of Infrastructure Projects by Administration, the procuring entity acts as the contractor; hence, it is tasked to prepare the Program of Work. Inasmuch as the Guidelines allow the procuring entity to borrow the construction equipment and tools to be used in the project construction³, these items need not form part of the Program of Work that contains the materials to be used for the project. Ordinarily, and as required in the Guidelines,

¹ GPPB Resolution 018-2006 dated 6 December 2006

² Philippine Bidding Documents (PBDs) for the Procurement of Infrastructure Projects

³ Section 3.2 (b) own the tools and construction equipment to be used or have access to such tools and equipment owned by other government agencies

the construction equipment and tools must be owned by the procuring entity. However, if the procuring entity does not have its own construction equipment and tools, it is allowed to borrow them from another government agency that owns them.

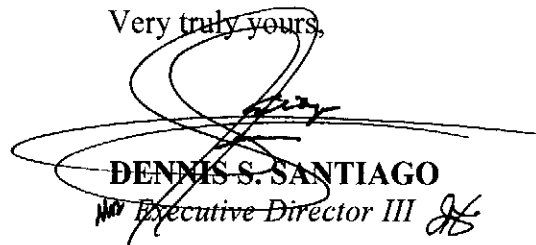
Anent your second query, we wish to inform you that the OCPDC is not restricted by the Guidelines in implementing its infrastructure projects by "administration" only. It is the general rule under Section 10 of RA 9184 and its IRR that all procurement activities, whether goods, infrastructure projects or consulting services, must be done through competitive bidding. Consequently, infrastructure projects by administration will be allowed only if the conditions and requirements⁴ for its use have been satisfactorily met by the procuring entity.


As we have discussed in a previous opinion⁵, the implementation of project by "administration" presupposes that the implementing agency has the independent capability to undertake the project through use of its own resources, both in respect of personnel and the materials, tools or construction equipment. It implies that the agency implements the conduct of infrastructure works under its own direction, supervision, and administration. This rule is such that a set-up that does not satisfy these conditions shall be deemed contrary to requirements of the Guidelines and repugnant to the concept of "administration" and therefore not sanctioned by law.

Based on the foregoing, we are of the opinion that the cost of rental of construction equipment and tools to be used in the project should not form part of the Program of Work as it is a condition precedent that the procuring entity has to meet the requirements under the Guidelines to be qualified to engage in Infrastructure Projects by Administration. However, it must be noted that the procuring entity can likewise pursue its infrastructure projects by engaging the services of contactors through public bidding, other than by "administration".

We hope our advice provided sufficient guidance on the matter. Should you have further questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director III 

//mbq

⁴ Section 3 of the Guidelines

⁵ NPM No. 046-2005 dated 14 November 2005