



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

**NPM No. 47-2014**

13 October 2014

**MS. EMILIE R. GUTIERREZ**  
*Chairman, Bids and Awards Committee (BAC)*  
**MEYCAUAYAN WATER DISTRICT (MWD)**  
Poblacion, Meycauayan City, Bulacan

**Re: Single Largest Completed Contract (SLCC)**

Dear Ms. Gutierrez:

This refers to your letter dated 7 August 2014 requesting opinion relative to the SLCC requirement in the procurement of infrastructure projects under Section 23.5.2.5 of the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

As represented, one of the bidders failed to submit a similar completed contract that is at least fifty percent (50%) of the project to be bid. The BAC, nevertheless, allowed the contractor's bid and recommended to the Head of the Procuring Entity (HOPE) the award to said bidder considering that it falls under Small B category and the cost of the contract is not more than fifty percent (50%) of its Allowable Range of Contract Cost (ARCC). It is in this context that the BAC seeks confirmation whether its actions were appropriate and legal.

As discussed in a previous opinion<sup>1</sup>, the Government Procurement Policy Board (GPPB) and its Technical Support Office (TSO) only render policy and non-policy opinions respectively, on issues purely relating to the interpretation and application of our procurement laws, rules and regulations. It has no jurisdiction to rule over actual controversies with regard to the conduct of the bidding since it has no quasi-judicial functions under the law. Hence, this office has consistently refrained from passing upon decisions of the BAC pertaining to the determination of compliance with the bidding documents for a particular project or in this case, the determination whether the contract it submitted is compliant with SLCC requirement.

Nonetheless, we reiterate the rule under Section 23.5.2.5 of the IRR of RA 9184, thus:

The prospective bidder must have an experience of having completed at least one (1) contract that is similar to the contract to be bid, and whose value, adjusted to current prices using the NSO consumer price indices, must be at least fifty percent (50%) of the ABC to be bid: Provided, however, **That contractors under Small A and Small B categories without similar experience on the contract to be bid may be allowed to bid if the cost of**

<sup>1</sup> NPM No. 044-2009 dated 18 August 2009.

**such contract is not more than fifty percent (50%) of the Allowable Range of Contract Cost (ARCC) of their registration based on the guidelines as prescribed by the PCAB. (Emphasis supplied)**

The SLCC criterion assures the Government that the bidder has sufficient experience and reliable track record or it is not the first time that the prospective bidder will be required to accomplish such an undertaking, and therefore, provides the Government a level of security that such bidder, if awarded the contract, will be able to satisfactorily fulfill the contract requirements.<sup>2</sup> However, in case a contractor has no similar experience on the contract to be bid, and is registered with the PCAB under Small A or Small B category, it may be allowed to bid on contracts costing not more than fifty percent (50%) of its registration's ARCC. This rule provides opportunity for small contractors to participate and gain experience in government procurement without running the risk of having inexperienced contractors doing projects for the Government<sup>3</sup>. It likewise ensures that only those with sufficient capability are awarded the contract.

Accordingly, as a rule, the prospective bidder must have an experience of having completed at least one (1) similar contract that must be at least fifty percent (50%) of the ABC to be bid. However, by way of exception, contractors under Small A and Small B categories without similar experience may be allowed to bid if the cost of such contract is not more than fifty percent (50%) of the ARCC of their registration pursuant to the guidelines prescribed by the PCAB.

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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<sup>2</sup> NPM No. 020-2005 dated 17 March 2005

<sup>3</sup> NPM No. 86-2012, dated 10 July 2012.

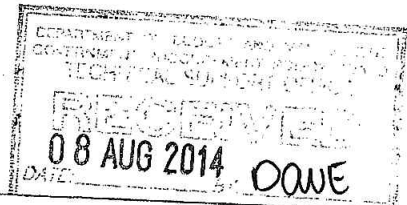
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**MEYCAUAYAN WATER DISTRICT**  
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**THE EXECUTIVE DIRECTOR**  
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**Department of Budget and Management**  
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**F. Ortigas Jr. Road**  
**Ortigas Center, Pasig City**



*Jan/Parony*  
*Please prepare OPINION*  
*in accordance with the IRR.*  
*Est. DSS*

Dear Sir:

We, the Members of the Bids and Awards Committee of the Meycauayan Water District (MWD) are respectfully requesting your good office to clarify us on an issue described hereunder.

As part of the procurement procedure, we posted the MWD's requirement with the PhilGeps, including the Invitation to Bid (ITB) for the supply of labor, materials, tools and equipment for our Lawa Pipelaying Project under Solicitation No. 2014-06-019 with an ABC of P6,382,345.05.

A part of the ITB read as follows:

**"Prospective bidders should have completed, within two years from the date of submission and receipt of bids, a contract similar to the procurement at hand. The description of an eligible bidder is contained in the Bidding Documents particularly Section II, Instruction to Bidders."**

The BAC scheduled the opening of bids on June 27, 2014. Prior to the opening of bids, the provision under 23.5.2.5 of the IRR of RA 9184 was discussed by the BAC. Said provision allows contractors that has no similar experience on the contract to be bid but is registered with the PCAB under Small A or Small B category, to bid on contracts costing not more than fifty percent (50%) of its registration's ARCC.

Hence, when the BAC opened the bids, the said provision was applied by the BAC particularly during the determination of eligibility requirements (duly signed statement of all on-going Government and Private Contracts including contracts awarded but not yet started) of the bidders.

The BAC after the conduct of post qualification evaluation, recommended for the Head of Procuring Entity to award the project to the lowest bidder (the Contractor who failed to comply with the eligibility requirement of completing at least one contract similar to the project but falls under Small B category and the Cost of the Contract is not more than fifty percent of the ARCC of its registration based on the guidelines prescribed by the PCAB).