

NPM No. 56-2012

7 May 2012

ENGR. MYRNA Q. LLORENTE*Chairperson, Bids and Awards Committee***TARLAC CITY WATER DISTRICT**

Tarlac-Sta. Rosa Road, Maliwato, Tarlac City

Re: Cash Deposit Certificate (CDC)

Dear Engr. Llorente:

This is in response to your letter dated 2 May 2012 seeking our opinion on whether a Cash Deposit Certificate (CDC) may be submitted as part of the financial eligibility documents of a prospective bidder in lieu of Net Financial Contracting Capacity (NFCC) computation or a Credit Line Commitment (CLC).

As represented, during post qualification of the procurement for the Pipelaying Project of Tarlac City Water District (TCWD), one of the bidders was found to have submitted an insufficient NFCC, but also submitted a CDC. It is in this context that you are seeking guidance on whether a CDC may substitute for an insufficient NFCC computation.

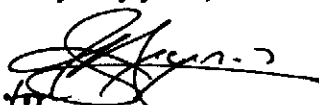
Prior to the amendment of the IRR Part A of Republic Act (RA) No. 9184, a CDC in an amount at least equal to ten percent (10%) of the Approved Budget for the Contract (ABC) may be submitted as an alternative to NFCC computation or a CLC. However, with the amendment of the IRR of RA 9184, CDC is no longer a recognized financial eligibility document.

Section 23.1 of the revised IRR of RA 9184 enumerates the documents which shall be submitted for purposes of determining the legal, technical, and financial eligibility of bidders. In terms of financial eligibility, said section expressly allows the bidder to submit either a computation of its NFCC or a CLC.¹

In this regard, we wish to clarify that under the present IRR, the only options available to bidders, insofar as compliance with the financial eligibility requirement is concerned, are NFCC computation and CLC. CDC is no longer a recognized document for purposes of eligibility requirement and, thus, cannot substitute for either the NFCC computation or CLC.

We hope that our advice sufficiently addresses your concerns. Should you have further questions, please do not hesitate to contact us.

Very truly yours,


DENNIS S. SANTIAGO*Executive Director III*

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¹ NPM No. 021-2010 dated 6 July 2010.