



## TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,  
F. Ortigas Jr. Road, Ortigas Center,  
Pasig City, Philippines 1605

**NPM No. 08-2007**

30 April 2007

**HON. JULIETTE T. UY**  
*Mayor*  
**MUNICIPALITY OF VILLANUEVA**  
Province of Misamis Oriental

**Re : Infrastructure Projects Undertaken "By Administration"**

Dear Mayor Uy:

We respond to your letter dated 2 April 2007, which we received last 4 April 2007, requesting exemption from par. 4.7 of the guidelines for the implementation of infrastructure projects undertaken "by administration" issued by the Government Procurement Policy Board (GPPB) under Resolution No. 13-2005. Par. 4.7 reads:

- 4.7 Except as otherwise provided by law, the maximum amount for infrastructure projects that may be implemented by administration shall be five million pesos (P5,000,000.00); provided, however, that, in the case of NGAs, GOCCs, GFIs, and SUCs, the total amount for all projects undertaken by administration shall not exceed twenty-five percent (25%) of their budget for infrastructure projects as reflected in their approved APP; and in the case of LGUs, not to exceed fifty percent (50%) of the fund allotted for infrastructure projects.

We understand that the Municipality of Villanueva intends to construct and rehabilitate its waterworks system estimated at Thirty Three Million Pesos (P33,000,000) through a loan from the Development Bank of the Philippines. Based on your representation, enormous funds could be saved should the project be implemented "by administration" considering that the municipal government has competent and experienced personnel to implement said infrastructure project.

At the outset, please be advised that GPPB Resolution No. 13-2005, which approved and adopted the GUIDELINES FOR THE IMPLEMENTATION OF INFRASTRUCTURE PROJECTS THROUGH NEGOTIATED PROCUREMENT UNDER SEC. 54.2 (D) OF THE IMPLEMENTING RULES AND REGULATION PART A (IRR-A) AND BY ADMINISTRATION was already repealed by GPPB Resolution No. 18-2006 which approved and adopted the REVISED GUIDELINES FOR THE IMPLEMENTATION OF INFRASTRUCTURE PROJECTS BY ADMINISTRATION (the "*Revised Guidelines*"). The Revised Guidelines became effective last 24 April 2007, or fifteen (15) days after its publication in the Official Gazette.

Under the Revised Guidelines, no ceiling or limit on the amount of infrastructure projects was imposed before a procuring entity can undertake a project "by administration". However, a project with a cost of Five Million Pesos (P5,000,000) and above may be undertaken only in the following cases:

- a. emergency arising from natural or where immediate action is necessary to prevent loss of life or property;
- b. to comply with government commitments, as certified by the concerned government authority;
- c. failure to award a contract after competitive bidding for a valid cause;
- d. termination or rescission of contract;
- e. areas with critical peace and order problem as certified by the Local Peace and Order Council.

We note that one of the instances mentioned is compliance with government commitments, as long as certified by the concerned government authority.

Further, prior authority shall be obtained from the Secretary of Public Works and Highways, if the project cost is Five Million (P5,000,000) up to Twenty Million Pesos (P20,000,000), or from the President of the Philippines, upon the favorable recommendation of the Secretary of Public Works and Highways, if the project cost exceeds Twenty Million Pesos (P20,000,000). We also assume that the municipal government, as implementing agency, has already complied with the following conditions:

- a. have 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.

Consequently, the Municipality of Villanueva can undertake the proposed infrastructure project "by administration", subject to compliance with the applicable conditions as prescribed under the Revised Guidelines. Please find attached a copy of the Revised Guidelines.

We hope to have clarified the matter. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

  
**RUBY U. ALVAREZ**  
*Executive Director III*