



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

NPM No. 90-2012

16 July 2012

HON. VOLTAIRE ANTHONY C. VILLAROSA
Municipal Mayor
MUNICIPALITY OF MAMBURAO
PROVINCE OF OCCIDENTAL MINDORO

Re: Infrastructure Projects by Administration

Dear Mayor Villarosa:

This is in response to your letter addressed to the Honorable Secretary Florencio B. Abad of the Department of Budget and Management, which was forwarded to us for appropriate action, requesting for consideration and approval of the Mechanics of Project Implementation "By Administration" (MPIBA) of the Municipality of Mamburao (Municipality), Mindoro Occidental, for the Construction/Renovation of Class "AA" Municipal Slaughterhouse (Project) under the Meat Establishment Improvement Program.

Under the Revised Guidelines for the Implementation of Infrastructure Projects by Administration¹, the term "by administration" refers to the procedure by which the implementation of an infrastructure project is carried out under the administration and supervision of the concerned agency through its own personnel.

A careful reading of the MPIBA reveals that it was formulated upon consideration of Republic Act (RA) No. 9184 and Appendix 1 of its Implementing Rules and Regulations (IRR). However, since the MPIBA is couched in more general terms, the Municipality should first verify and ascertain whether the Project which it sought to undertake "by administration" is included in its approved Annual Procurement Plan (APP).

Section 3.1 of Appendix 1 of the IRR of RA 9184 provides that if the original mode of procurement recommended in the APP was public bidding but cannot be ultimately pursued, or the project proposed to be undertaken "by administration" has not been previously included, the Bids and Awards Committee (BAC), through a resolution shall justify and recommend the change in the mode of procurement or the updating of the APP to be approved by the Head of the Procuring Entity (HOPE). Hence, if procurement "by administration" for the construction/renovation of the municipal slaughterhouse is not included in the approved APP of the Municipality, a resolution issued by the BAC and approved by the HOPE is necessary.

¹ Section 2.1 of Appendix 1 of the IRR of RA 9184.

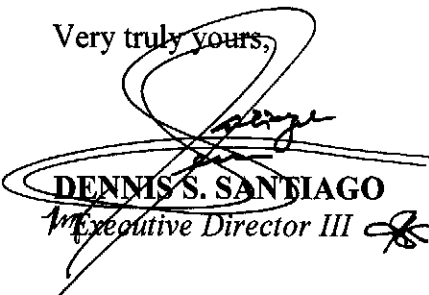
Likewise, although the Municipality has adopted "by administration" as its project implementation policy for locally and nationally funded projects, it must have a track record of having completed, or supervised a project "by administration" or by contract, similar to and with a cost of at least fifty percent (50%) of the proposed construction/renovation of the municipal slaughterhouse. The Municipality must also own the tools and construction equipment to be used or have access to such tools and equipment owned by other government agencies². It should likewise post the necessary warranty security in accordance with Section 62 of RA 9184 and its IRR.

Moreover, if the proposed construction/renovation of the municipal slaughterhouse would cost more than Twenty Million Pesos (Php 20,000,000.00), the Municipality should see to it that the same falls under the cases set forth under Section 3.3³ of Appendix 1 of the IRR.

Furthermore, for the procurement of tools and construction equipment, the Municipality should comply with the rules on public bidding and posting provided under RA 9184 and its IRR. The bidder's statement of all its ongoing and completed government and private contracts within the relevant period, as provided in the Bidding Documents, and the Net Financial Contracting Capacity (NFCC) or Credit Line Commitment (CLC) from a Universal or Commercial Bank, should also be included under the Technical and Financial requirements of the MPIBA, in accordance with Section 23.1 of the IRR. Likewise, the MPIBA should include a provision that the pakyaw labor contract per project shall not exceed Five Hundred Thousand Pesos (Php500,000.00) per pakyaw group.

We hope that our advice provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular circumstances as represented. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director III

//lsd1

² Section 3.2 of Appendix 1 of the IRR of RA 9184.

³ A project costing over Twenty Million Pesos (Php20,000,000) may be undertaken by the agency concerned only in the following cases: a. emergency arising from natural calamities or where immediate action is necessary to prevent imminent 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 problems as certified by the Local Peace and Order Council.