

REPUBLIC OF THE PHILIPPINES  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**Technical Support Office**  
*Mezzanine 125, Mabini Hall, Malacañang, Manila*  
*Telefax Nos. (02) 735-4962; (02) 736-5758*

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**NPM No. 121-2004**

August 27, 2004

**MR. JOSEFREDIE F. FLORES**  
Provincial Administrator  
Office of the Provincial Administrator  
Province of Bukidnon

**Re : Publication of the Approved Budget for the Contract**

Dear Mr. Flores:

This refers to your letter dated August 10, 2004, which we received on August 19, 2004, requesting whether or not the publication of the Approved Budget for the Contract (ABC) is absolute and mandatory under Republic Act 9184 (R.A. 9184) and its Implementing Rules and Regulations Part A (IRR-A).

This concern stems from your observation that the old system of not publishing the budget ceiling resulted to more savings for the provincial government.

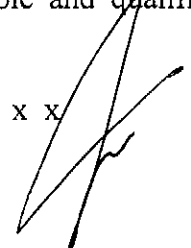
**Publication of the ABC**

Under Section 3 of R.A. 9184, among the principles governing government procurement are transparency and competitiveness. The law provides, to wit:

All procurement of the national government, its departments, bureaus, offices and agencies, including state universities and colleges, government-owned and controlled corporations, government financial institutions and local government units, shall, in all cases, be governed by these principles:

- (a) Transparency in the procurement process and in the implementation of procurement contracts.
- (b) Competitiveness by extending equal opportunity to enable private contracting parties who are eligible and qualified to participate in public bidding.

x x x x



In this regard, and in correlation with Section 21 of R.A. 9184 and its IRR-A, it is mandatory upon procuring entities that the ABC be included in Invitation to Bids for contracts under competitive bidding. Section 21 of R.A. 9184 specifically provides as follows:

In line with the principle of transparency and competitiveness, all Invitation to Bid for contracts under competitive bidding shall be advertised by the Procuring Entity in such manner and for such length of time as may be necessary under the circumstances, in order to ensure the widest possible dissemination thereof, such as, but not limited to, posting in the Procuring Entity's premises, in newspapers of general circulation, the G-EPS and the website of the Procuring Entity, if available. The details and mechanics of implementation shall be provided in the IRR to be promulgated under this Act.

The Invitation to Bid shall contain, among others:

X X X X

(c) The Approved Budget for the Contract to be bid;

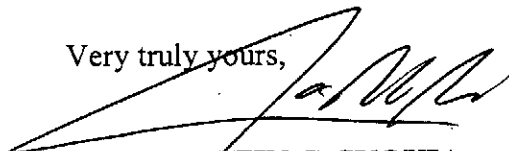
X X X X

The foremost consideration in requiring publication of ABCs as part of Invitation to Bids is the principle of transparency. In so doing, a more competitive public bidding activity is ensured since prospective bidders are well informed of the nature and cost of the project, thereby, achieving the principle of competitiveness. It cannot be gainsaid that transparency and competition give rise to a more efficient government procurement, which inevitably results to savings. When the playing field is even for all qualified suppliers and when there are no dark corners for shady deals, society benefits.<sup>1</sup>

Based on all the foregoing, it is mandatory and absolute that the ABC be published at all times as part of the Invitation to Bid. Transparency and competitiveness are the primary consideration and savings is a mere result of the strict compliance therewith.

We trust that this clarifies matters.

Very truly yours,

  
**JOSE MARTIN C. SYQUIA**  
Executive Director III

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August 19, 2004

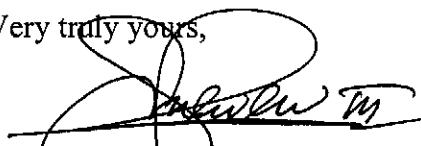
**MR. JOSEFREDIE F. FLORES**  
Provincial Administrator  
Office of the Provincial Administrator  
Chairman, Bids and Awards Committee  
Province of Bukidnon

Dear Mr. Flores:

This refers to your letter dated August 10, 2004, which we received on August 19, 2004, addressed to the Honorable Secretary Emilia T. Boncodin as Chairperson of the Government Procurement Policy Board (GPPB), requesting for clarification on Republic Act 9184 and its Implementing Rules and Regulations Part A, specifically on the publication of the Approved Budget for the Contract.

We wish to inform you that we shall respond to your concerns either through phone or in writing at the earliest possible opportunity, or raise the same to the GPPB for appropriate resolution should referral thereto becomes necessary.

Very truly yours,



**ATTY. SALVADOR C. MALANA III**  
Procurement Management Officer V