



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

NPM No. 122-2014

12 November 2014

DR. ROSELA R. SANCHEZ

Marketing Director

SYSTEM PROCESSOR & CONSTRUCTION CORPORATION
B1 L62-64 Mt. Caraballo Drive, Nova Hills Village,
Bagumbayan, Caloocan City

**Re: Eligibility Requirement under Section 23.5.2.5 of the revised
Implementing Rules and Regulations (IRR) of Republic Act (RA)
No. 9184**

Dear Dr. Sanchez:

This refers to your letter seeking clarification regarding Section 23.5.2.5 of the revised IRR of RA 9184.

As represented, System Processor and Construction Corporation (SPCC) joined a bidding for the Construction of a Halal Slaughterhouse for Cotabato City on 8 January 2014 where the Approved Budget for the Contract (ABC) is Php 18,870,000.00. The SPCC's Philippine Constructors Accreditation Board (PCAB) License and Registration indicated a maximum construction limitation of Php 15,000,000.00. Based on the facts highlighted in your letter, we infer that the clarification being requested pertains to the requirement for a single largest completed contract (SLCC) *vis-à-vis* Small A or Small B contractors.

We wish to remind you that the GPPB and the GPPB-TSO cannot dictate upon the procuring entity on how to decide or resolve issues relative to its procurement activities. However, the GPPB and the GPPB-TSO may render contemporaneous construction of the provisions of the law pursuant to its quasi-legislative fiat, and issue rules and regulations pursuant to its rule-making power¹.

Section 23.5.2.5² of the IRR of RA No. 9184 states that "[t]he 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 A³ and Small B⁴ categories without similar experience on the contract to be bid may be allowed to bid if the cost of such contract is not more than fifty percent (50%) of the Allowable

¹ Government Procurement Policy Board (GPPB) Non-Policy Matter Opinion (NPM) No. 121-2013 dated 26 December 2013.

² As amended by GPPB Resolution 11-2012, dated 1 June 2012, published in The Daily Tribune on 20 August 2012.

³ Allowable Range of Contract Cost of up to Php500 Thousand; PCAB Circular No. 001 Series of 2009 (Implementation of the Second stage of Adjustment on Allowable Ranges of Contract Costs and Single Largest Project Completed/Track Record Requirements.

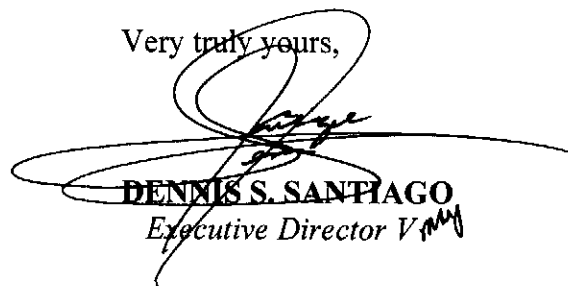
⁴ Allowable Range of Contract Cost of up to Php5 Million; *Id.*

Range of Contract Cost (ARCC) of their registration based on guidelines as prescribed by the PCAB.”

Pursuant to the quoted provision, the general rule is that a prospective bidder must have previously completed a contract that is similar to, and valued at least fifty percent (50%) of the ABC of the contract being bid out. However, for prospective bidders registered under either Small A or Small B category that does not have a previously completed similar contract, they are allowed to participate in the procurement activity if the cost of the contract being bid out is not more than fifty percent (50%) of its ARCC. This rule provides opportunity for small contractors to participate and gain experience in government contracts without the risk of having inexperienced contractors doing projects for the government, while ensuring that only those with sufficient capability are awarded the contract.⁵

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this opinion is being issued on the basis of facts and particular situations presented, and may not be applicable given a different set of facts and circumstances. Should you have further questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director

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⁵ NPM No. 87-2012 dated 16 July 2012.