



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

NPM No. 22-2011

23 December 2011

MR. ANSELMO L. SANG TIAN, CE
General Manager
BUTUAN CITY WATER DISTRICT
Gov. Jose A. Rosales Avenue, Butuan City

Re: Single Calculated and Responsive Bid

Dear Mr. Sang Tian:

We respond to your letter dated 22 September 2011 requesting for opinion on whether the application of Section 36 on the Single Calculated/Rated and Responsive Bid (SCRB) under Republic Act (RA) No. 9184 and its Implementing Rules and Regulations (IRR) is most advantageous to the government.

As represented, the Butuan City Water District – Bids and Awards Committee (BCWD-BAC) was tasked to address specific concerns of its Board of Directors pertaining to the recurring issues of SCRБ. The primary question is on how a bid could be most advantageous when the SCRБ is almost equal or equal to the Approved Budget for the Contract (ABC). Since the purpose of the bidding is to have the most advantageous prevailing price, the Board of Directors is of the view that this is possible only when there are at least three or more bidders competing.

For your guidance, Section 36 provides that an SCRБ shall be considered for award if it falls under any of the three (3) circumstances enumerated therein.¹ Hence, award to a sole bidder is contemplated for as long as it is declared eligible and the bid is determined to be the single calculated and responsive bid. Clearly, the intention is to mandate the procuring entities to consider an SCRБ for award of procurement contracts and to prevent the practice of arbitrarily withholding award of contract to a sole bidder². This is important to encourage the participation of suppliers to government procurement activities. The only caveat in Section 36 is that, in all instances, the procuring entity shall ensure that the ABC reflects the most advantageous prevailing price for the government.³

A careful reading of Section 36 shows that it is not required to have three or more bidders competing for the same procurement activity. The more important consideration is to receive offers from participating bidders that meets the eligibility, legal, technical and financial requirements. However, the responsibility of generating the best price does not lie

¹ Non-Policy Matter No. 060-2004 dated 4 May 2004

² Non-Policy Matter No. 036-2008 dated 6 October 2008

³ Non-Policy Matter No. 026-2005 dated 25 April 2005

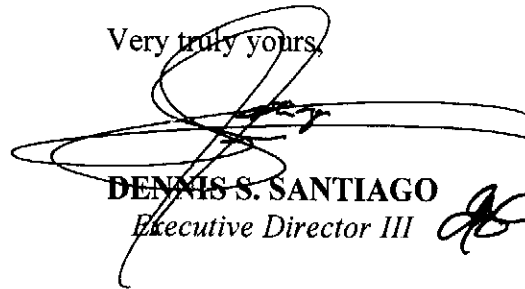
on the participating bidders but, rather, would depend heavily on the procuring entity since it is the latter that determines the ABC for any government procurement.

On this note, it is the task of the procuring entity to ensure that in adopting an ABC, the contract cost or estimate must not be excessively high or unreasonably low to the detriment of government interest. The valuation of the procurement activity must be cost-efficient and, at the same time, realistic since the procuring entity dictates the range of the bid prices it would like to receive. Thus, it is important that the ABC must be a reasonable estimate of the costs to be incurred, and the technical specifications clear, in order that potential bidders will be encouraged to participate in the bidding process. Accordingly, the ABC becomes the amount or value that the government deems acceptable or reasonable to pay in exchange for the quality of service or specifications of item identified.

Based on the foregoing, since the ABC represents the most practical costing determined by the procuring entity, it is not necessary to have at least three (3) or more bidders in order to receive the most advantageous bid considering that any bid that is equal to or lower than the ABC, and is technically and legally compliant, is deemed most advantageous to the Government.

We hope we have provided sufficient guidance on the matter. Should you have further questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director III