



# TECHNICAL SUPPORT OFFICE

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**NPM No. 40-2007**

6 August 2007

**ATTY. OSCAR L. PARAS**  
*Chairman, Bids and Awards Committee*  
**MANILA INTERNATIONAL AIRPORT AUTHORITY**  
MIAA Administration Building,  
MIA Road, Pasay City, Metro Manila

**Re: Single Largest Similar Contract**

Dear Atty. Paras:

We respond to your letter dated 10 May 2007 requesting for an opinion on whether a bidder which submitted a single contract with a group of companies has complied with Section 23.11.1 (2) of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act (R. A. 9184).

Section 23.11.1 (2) of the IRR-A, as amended by Resolution No. 07-2006 dated 20 January 2006 issued by the Government Procurement Policy Board, provides:

- “2. The prospective bidder must have an experience of having completed within the period specified in the IAEB concerned a **single contract** that is similar to the contract to be bid, and whose value, adjusted to current prices using the wholesale consumer price index, must be at least fifty percent (50%) of the approved budget for the contract to be bid. x x x.”  
(Emphasis supplied)

Based on the documents furnished us, the facts appear as follows:

1. The Manila International Airport Authority (MIAA) is bidding for manpower services in the amount of P50.3 Million.
2. M & M Manpower Services, Inc., the lowest bidder, submitted a Manpower Service Agreement dated 17 February 2004 executed by said bidder with Rowell Dowel Group of Companies with a contract price of P6 Million per month for one (1) year, in order to comply with the technical eligibility requirement under Section 23.11.1 (2) of the IRR-A relating to the largest single contract which is at least fifty percent (50%) of the approved budget for the contract (ABC) to be bid.

REC'D: *[Signature]* 8/10/07

3. During the post-qualification stage, the MIAA discovered that Rowell Dowel Group of Companies is not registered with the Securities and Exchange Commission (SEC). The bidder in its letter to MIAA admitted that "Rowell and Dowel Group of Companies represent the aggrupation of duly registered and incorporated companies/corporations which are affiliated to each other". These affiliated companies are as follows:

- a. Rowell Lithography & Metal Closure, Inc.;
- b. Dowell Packaging Corp.;
- c. Rowell Can Corporation;
- d. Rowell Industrial Corporation;
- e. Boxboard Container Corp.; and
- f. Can Corp.

Based on the receipts presented by the bidder, payments for the services rendered by the bidder were made by the individual affiliated companies.

The issue raised before this Office is whether the bidder, by submitting the Manpower Service Agreement with a group of companies consisting of individual affiliated companies, complied with the requirement under Section 23.11.1 (2) of the IRR-A that a bidder must have a single contract similar to the contract to be bid, which is at least fifty percent (50%) of the ABC to be bid.

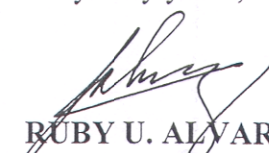
The rationale for Section 23.11.1 (2) of the IRR-A, or the requirement to submit a Single Largest Similar Contract, is to establish a tangible gauge for the bidder's track record and capacity to perform contractual obligations. It seeks to safeguard the interest of the procuring entity by ensuring that the bidder has the experience and resources to perform the contract to be awarded strictly in accordance with the terms thereof and to complete the project to be bid.

In the instant case, Rowell and Dowel Group of Companies is not a registered corporation with the SEC. It has also been admitted that it is merely an aggrupation of six (6) affiliated companies. In addition, it cannot be ascertain if the bidder delivered the required manpower services to said affiliated companies at the same time or in a staggered basis. It appears that the bidder billed the affiliated companies separately and the corresponding payments for the services rendered by the bidder were given by the individual affiliated companies. Based on the foregoing, it has not been clearly shown by the bidder that it has the capacity and the resources to perform the manpower services required by the MIAA. Thus, the Manpower Service Agreement submitted by the bidder cannot be considered the Single Largest Similar Contract for purposes of compliance with Section 23.11.1. (2) of the IRR-A.

This opinion is being rendered on the basis of the facts and particular circumstances as represented.

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*