

**NPM No. 48-2009**

14 September 2009

**MR. ALVARO R. DERRAMAS**  
*Chairman, Bids and Awards Committee*  
**MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY**  
Department of Transportation and Communications  
Lapu-Lapu City 6016 Philippines

**Re : Single Largest Contract**

Dear Mr. Derramas:

This refers to your letter dated 03 August 2009 seeking clarification on the single largest contract requirement under Section 23.11.2 of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act (RA) No. 9184 or the Government Procurement Reform Act.

Specifically, you are requesting for confirmation on the possibility of reducing the single largest contract requirement of fifty percent (50%) as provided in the aforesaid IRR-A provision.

*whether or not the requirement under Sec 23.11.2 IRR-A of 50% can be reduced?*

At the outset, we would like to inform you that the Government Procurement Policy Board (GPPB) had already issued last 22 July 2009 its GPPB Resolution No. 03-2009 approving the revised Implementing Rules and Regulations (IRR) of RA 9184 to cover both domestically funded and foreign-funded government procurement. This IRR took effect last 02 September 2009.

\* Pursuant to Section 23 of the said IRR, a distinction has been introduced on the single largest contract requirement in so far as procurement of goods is concerned. Specifically, for the procurement of services and non-expendable supplies, the single largest contract requirement is retained at 50%, while, for expendable supplies, this has been lowered to twenty-five percent (25%).

As an exception to the rule stated above, procuring entities may be allowed to do away with the 50% requirement if, at the outset and after market research, applying the general rule will likely result to either failure of bidding or a monopoly. In this case, the procuring entity may require the submission of at least two (2) similar contracts whose aggregate amount must be at least equivalent to the required percentage, and, the largest of the similar contracts of which amounts to at least 50% of the required percentage.

Please note, however, that the single largest contract requirement for infrastructure projects remains to be pegged at 50%, as per Section 23.5.2.5 of the IRR.

We trust that this clarifies matters. Should you have any additional questions, please feel free to contact us.

Very truly yours,

*Ruby U. Alvarez*  
for **RUBY U. ALVAREZ**  
*Executive Director III*

Andy, -  
Pls. prepare all then return this to me.

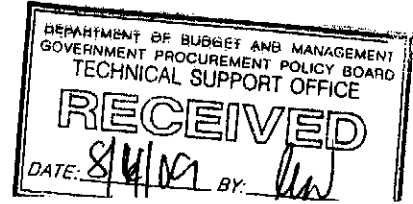


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*[Handwritten initials/signature]*

August 3, 2009

**Ms. RUBY U. ALVAREZ**  
Board Secretary and Executive Director-TSO  
Government Policy Procurement Board (GBBP)  
Unit 2506, Raffles Corporate Center,  
F. Ortigas Jr., Ortigas Center, Pasig City



*→ Ensure, pls. handle. begin in my behalf. 8/17/09*

Madam:

This refers to the provision of Section 23.11.2 of the Implementing Rules and Regulations of Republic Act No. 9184 which provides that -

*Amended by Sec. 23.5.1.3 Revised IAR*

"The value of the prospective bidder's largest single contract, adjusted to current prices using the wholesale consumer price index, completed within the period specified in the Invitation to Apply for Eligibility and to Bid, and similar to the contract to be bid, must be at least fifty percent (50%) of the approved budget for the contract to be bid."

Please be informed that the Bids and Awards Committee (BAC) of the Mactan-Cebu International Airport Authority (MCIAA) has been strictly implementing the aforementioned provision in the procurement of goods. However, it was observed that after taking into consideration the Approved Budget for the Contract (ABC) for every project and the required value of the prospective bidder's largest single contract for similar work experienced which must be 50% of the ABC, only few suppliers/bidders will qualify and eventually, can participate the bidding. New bidders/suppliers very much interested to participate in the bidding cannot join or otherwise automatically disqualified. Thus, the essence of public bidding is somewhat defeated.

In view of this and in order to obtain most advantageous bid for the government, may we know if it is possible on our part to reduce the said 50% requirement so that several bidders can participate.

Your usual prompt and immediate response is highly appreciated.

Thank you.

Very truly yours,

*[Signature]*  
**ALVARO R. DERRAMAS**  
BAC-Chairman