



TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center
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Pasig City, Philippines 1605

NPM No. 052-2007

31 October 2007

MR. RAYMOND ANTHONY M. INTERVALO
Authorized Representative
NEX1 FUTURE CO., LTD.
Architect International Inc.
Building II Honey Dew Street corner DBP Avenue
FTI Complex, Taguig City

Re: Foreign Currency Denominated Bid Security

Dear Mr. Intervalo:

We respond to your letters dated 12 September and 23 October 2007 requesting for confirmation of the following positions:

- a) A bid security that is denominated in foreign currency must be converted to Philippine currency using the reference rate of Bangko Sentral ng Pilipinas (BSP) at the date of bid opening for purposes of bid evaluation; and,
- b) A bid security found to be lower than the minimum amount required in the bid documents after such conversion shall necessarily result in the automatic disqualification of the bidder who submitted the same.

We confirm your understanding that bids, including bid securities, denominated in foreign currency must be converted to Philippine currency using the reference rate adopted by the Bangko Sentral ng Pilipinas (BSP) at the date of bid opening.

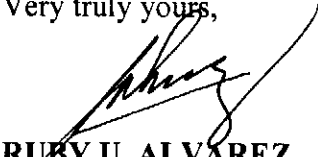
The Generic Procurement Manuals (GPM) issued by the Government Procurement Policy Board clearly specify that, in the conversion of foreign denominated bids, the BSP reference rate as of the date of the bid opening shall be used. *Please see Manual of Procedures for Goods and Services (Volume 2), pages 52-53, for Infrastructure Projects (Volume 3), page 51, and for Consulting Services (Volume 4), page 93.* Further, Section 5 (d) of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act No. 9184 (R.A. 9184) states that the term "bid" shall be equivalent to and used interchangeably with "proposal" and "tender." The GPM

further expounds this by stating that a bid has two components: the technical proposal and the financial proposal. *Please see Manual of Procedures for Goods and Services (Volume 2), page 49, for Infrastructure Projects (Volume 3), page 47, and for Consulting Services (Volume 4), page 52.* Consequently, the BSP reference rate shall be used in the conversion of foreign denominated bids, including the bid security which form part of the technical proposal or bid.

With respect to your second position, we also confirm that a bid security found to be lower than the minimum amount required in the bid documents shall result to the automatic disqualification of the bid. This position is fully supported by Section 27.1 of the IRR-A of R.A. 9184, which states: "Failure to enclose the required bid security in the form and amount prescribed shall automatically disqualify the bid concerned." The acceptable forms of bid security and the minimum amount that may be prescribed are, on the other hand, provided in Section 27.2 thereof.

We trust 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