

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

Second Regular Session

HOUSE BILL NO. 6337

07 JUN 2012
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[Signature]

Introduced by **Hon. Erico B. Aumentado**

EXPLANATORY NOTE

It has been observed that contractors jockeying for government projects tend to understate the price of the project in their bid proposal to corner juicy projects. Some even venture to propose bid prices costing less than fifty percent of the approved ABC just to ensure that they will get the project. This may sound advantageous to the government as it would translate to substantial savings on the part of the implementing agency. However, the result is not at all advantageous to the government since the project suffers in terms of poor quality, the terms of reference in the project not being followed and, worse, projects are not completed for lack of finances.

In the present set up, the law on the government procurement only provides for a maximum ceiling of bid prices for bidders to observe, while there is no cap or minimum limit of bid prices that shall be awarded. Thus, unscrupulous contractors venture to propose a considerably lowered price in their bids compared to the actual approved ABC.

Take for example the projects implemented in the Second District of Bohol, namely:

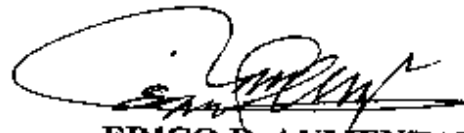
- (1) Sagbayan-Danao Road Project with an appropriations of P200 Million Pesos, an Approved Budget for the Contract (ABC) of P189 Million, and the Winning Bid of P139 Million; and

(2) Loay-Interior Road Trinidad Section Re-blocking with an appropriations of P65 Million Pesos, an Approved Budget for the Contract (ABC) of P 65 Million, and the Winning Bid of P 39 Million.

These projects are in danger of not being completed despite the huge approved budget. It was known that the contractors are complaining that they suffered financial setback affecting the construction work. And yet, this representation learned that the contractors have almost consumed their budget according to their bid.

This is the dilemma that the passage of this bill seeks to address by amending the Government Procurement Law to introduce a cap or Floor Limit on bid prices of winning bidders for government projects.

The approval of this measure is being sought for.



ERICO B. AUMENTADO
2nd District of Bohol

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AN ACT
SETTING A CAP FOR FLOOR BID PRICE OF WINNING BIDDER,
AMENDING FOR THE PURPOSE SECTION 31 OF REPUBLIC ACT NO.
9184, OTHERWISE KNOWN AS THE "GOVERNMENT PROCUREMENT
REFORM ACT"

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 31 of Republic Act No. 9184 shall be amended to read as follows:

"Section 31. **Ceiling AND FLOOR** for Bid Prices. - The Approved Budget for the Contract (ABC) shall be the upper limit or ceiling for the Bid prices. **PROVIDED: THAT THE FLOOR BID FOR WINNING BIDDER SHALL NOT BE LOWER BY TWENTY FIVE (25) PERCENT OF THE APPROVED ABC.** Bid prices that exceed [this] **THE UPPER LIMIT OR ceiling, OR BELOW THE FLOOR LIMIT** shall be disqualified outright from further participating in the bidding. [There shall be no lower limit to the amount of the award.]

SEC. 2. Separability Clause. - If any part or provision of this Act shall be held unconstitutional or invalid, other provisions, which are not affected thereby, shall continue to be in full force and effect.

SEC. 3. Repealing Clause. - All laws, presidential decrees, executive orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 4. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least (2) national newspapers of general circulation.

Approved,