

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 4770



Introduced by **Representative AGATHA PAULA “AGAY” A. CRUZ**

EXPLANATORY NOTE

In the Philippines, “contract” often signifies not just legal obligations but also family ties. High-profile public procurement controversies over the past decades have revealed how the intersection of bloodlines and bottom lines can undermine transparency erode public trust. A 2024 Philippine Institute for Development Studies paper¹ confirms that competition in public procurement weakens over time, while bid rigging, patronage, and weak oversight continue to persist. Business World likewise reported that corruption cost the country an estimated PhP 670 billion in 2017 and PhP 752 billion in 2018, roughly one-fifth of government appropriations allocated for those years.²

The current legal framework provides mechanisms to punish corrupt acts after the fact but stops short of imposing a clear and uniform firewall between public officials and the business interests of their relatives. Existing legislations are largely reactive rather than preventive.

This bill addresses this gap by erecting a clear, uniform, and proactive statutory firewall to prevent actual, potential, or perceived conflicts of interest. It bars relatives of covered public officials within the fourth civil degree of consanguinity or affinity from entering into government contracts and extends this prohibition to juridical persons where such relatives hold controlling interests or derive benefit. It requires sworn disclosures from bidders and public officials alike and mandates recusal where conflicts arise. It also establishes a centralized Conflict-of-Interest Registry for real-time verification and imposes clear penalties on violators. These proactive safeguards are designed to prevent conflicts before they occur rather than punish them after the fact.

Exemptions are narrowly defined for highly technical, proprietary, or confidential contracts where public interest would otherwise be harmed, provided the public official concerned has been screened and insulated from the procurement process.

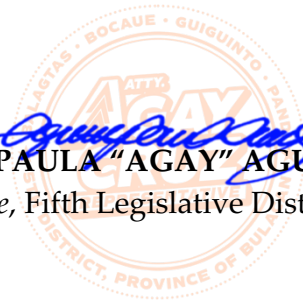
¹ Adoracio Navarro, *The Evolution of Reforms and the State of Competition in Public Procurement in the Philippines*, PHILIPPINE INSTITUTE FOR DEVELOPMENT STUDIES, 2024, available at <https://doi.org/10.62986/dp2023.48>

² Victor Andres Manhit, *The problem of corruption and corruption of power*, BUSINESSWORLD, 2020, available at <https://www.bworldonline.com/editors-picks/2020/08/25/312951/the-problem-of-corruption-and-corruption-of-power/>

If family ties have long been used as a bridge to public contracts, this measure builds a bridge in the opposite direction, one leading to transparency, fair competition, and restored public trust in government transactions.

In view of the foregoing, the immediate enactment of this bill is earnestly sought.


AGATHA PAULA "AGAY" AGUILAR CRUZ
Representative, Fifth Legislative District of Bulacan



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Introduced by **Representative AGATHA PAULA “AGAY” A. CRUZ**

AN ACT
DISQUALIFYING RELATIVES OF PUBLIC OFFICIALS WITHIN THE FOURTH
CIVIL DEGREE OF CONSANGUINITY AND AFFINITY FROM PARTICIPATING
IN GOVERNMENT CONTRACTS, AND FOR OTHER PURPOSES

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

1 **Section 1. Short Title.** – This Act shall be known as the “Conflict-of-Interest
2 Firewall Act of 2025.”
3

4 **Section 2. Declaration of Policy.** – It is hereby declared the policy of the State to
5 uphold the highest standards of integrity, transparency, accountability, and fairness in all
6 government procurement and contracting activities. Consistent with the constitutional
7 mandate of public accountability and the Philippines’ commitments to international best
8 practices on good governance, the State shall adopt proactive measures to prevent and
9 eliminate actual, potential, or perceived conflicts of interest. Towards this end, the State
10 shall disqualify the participation of relatives of public officials within the fourth civil
11 degree of consanguinity or affinity in government contracts and shall establish systems of
12 disclosure, recusal, and oversight to preserve impartiality, protect public resources, and
13 restore public trust in government transactions.
14

15 **Section 3. Disqualification on the Basis of Relations.** – Notwithstanding any
16 provision of the law to the contrary, all relatives of public officials within the fourth civil
17 degree of consanguinity or affinity shall be barred from entering into any government
18 contract.
19

20 For the purposes of this Act, the term “public official” shall refer to heads of
21 agency, heads of procuring entity, members of governing board, or any public officer or
22 employee exercising policy-determining, supervisory, or managerial functions, whether
23 in the career or non-career service, including military and uniformed personnel, whether
24 or not they receive compensation, regardless of amount.

1
2 The prohibition shall likewise apply to corporations, partnerships, or associations
3 in which such relatives:

- 4 (a) Hold a controlling interest, beneficial ownership, or management role; or
5 (b) Directly or indirectly benefit from the contract.
6

7 **Section 4. *Scope of Government Contracts Covered.*** – The term “government
8 contract” shall include any agreement between a private entity and any government
9 agency or instrumentality, including government-owned or -controlled corporations
10 (GOCCs) and local government units (LGUs), that pertains to:
11

- 12 (a) supplies, materials, machinery, equipment, and services;
13 (b) infrastructure projects;
14 (c) joint ventures;
15 (d) public-private partnership projects; and
16 (e) other similar or analogous agreements or undertaking to which the latter is the
17 procuring party, partner, shareholder, implementing agency, end user, or a
18 party contributing public funds or property:
19

20 *Provided,* That this prohibition shall not apply to contracts that are of:

- 21 (a) highly technical, proprietary, or confidential in nature and where exclusion
22 would be detrimental to public interest; or
23 (b) such nature that the public official concerned has been formally screened,
24 recused, and insulated from any involvement in the procurement process.
25

26 **Section 5. *Conflict of Interest and Recusal.*** – Public officials shall have a
27 continuing obligation to disclose any relationship within the prohibited degree, and to
28 recuse themselves from any official function in connection with the procurement process.
29

30 **Section 6. *Disclosure and Sworn Statement.*** –
31

- 32 (a) All bidders, contractors, or private parties seeking to enter into any
33 government contract as defined under this Act shall, as a condition precedent
34 to participation in procurement or negotiation, submit a sworn statement
35 under oath attesting that they are not related within the fourth civil degree of
36 consanguinity or affinity to any public official covered by this Act.
37

- 38 (b) Public officials covered by this Act shall likewise disclose annually, through
39 their Statements of Assets, Liabilities and Net Worth or such other form as may
40 be prescribed by the Implementing Rules and Regulations, the names of
41 relatives within the prohibited degree who have existing or pending contracts
42 with government agencies.
43

- 44 (c) Any material misrepresentation or omission in the sworn statement or

disclosure required under this Section shall constitute grounds for automatic disqualification, blacklisting, and appropriate administrative, civil, and criminal action under existing laws.

Section 7. *Penalties.* –

- (a) Any public official who knowingly allows or causes the award or execution of a government contract in violation of this Act shall be liable to:
 - (1) administrative penalties including dismissal, forfeiture of benefits, and perpetual disqualification from public office, without prejudice to prosecution under Republic Act No. 3019 (Anti-Graft and Corrupt Practices Act) and other applicable laws; and
 - (2) restitution of any benefit or advantage gained by reason of such violation.
- (b) Any private individual, corporation, or entity that knowingly enters into a government contract in violation of this Act shall be subject to:
 - (1) disqualification from bidding or participating in any government procurement, public-private partnership, or joint venture for a period of ten (10) years; and
 - (2) forfeiture of bid security or performance bond and termination of the contract without prejudice to civil or criminal liability under existing laws.

Section 8. *Conflict-of-Interest (COI) Registry and Oversight.* –

- (a) The Government Procurement Policy Board (GPPB), in coordination with the Civil Service Commission (CSC), Governance Commission for Government-Owned or Controlled Corporations (GCG), and Department of the Interior and Local Government (DILG), shall establish and maintain a centralized electronic Conflict-of-Interest (COI) Registry within one (1) year from the effectivity of this Act.
- (b) The COI Registry shall contain:
 - (1) the names of public officials covered by this Act;
 - (2) the names of their relatives within the prohibited degree as disclosed under Section 2 hereof; and
 - (3) a list of all contracts, bids, or ongoing negotiations involving such relatives with any government agency, instrumentality, GOCC, or LGU.
- (c) All public officials covered by this Act shall submit the required disclosures annually and update the same within thirty (30) days from any material change. Bidders and contractors shall likewise update their sworn statements before contract award.
- (d) The Registry shall be accessible to all procuring entities, oversight agencies, the Commission on Audit, and the public, subject to data privacy laws, to enable

1 pre-award verification of conflicts of interest.

- 2
- 3 (e) The GPPB shall promulgate rules for the efficient operation of the Registry and
- 4 shall coordinate with the Commission on Audit for audit and enforcement.
- 5 Violations of disclosure requirements or misuse of Registry data shall be
- 6 punishable under the penalties provided in Section 3 hereof and other
- 7 applicable laws.
- 8

9 **Section 9. Implementing Rules and Regulations.** – Within sixty (60) days from the

10 effectivity of this Act, the Government Procurement Policy Board, Department of the

11 Interior and Local Government, Public-Private Partnership Center, and Governance

12 Commission for GOCCs, in coordination with other concerned government agencies,

13 shall jointly promulgate the rules and regulations to effectively implement the provisions

14 of this Act.

15

16 **Section 10. Transitory Provision.** – Contracts validly executed prior to the

17 effectivity of this Act shall not be impaired, but renewals, extensions, or modifications

18 thereof after effectivity shall be subject to the provisions of this Act.

19

20 **Section 11. Relation to Other Laws.** – The provisions of this Act shall be construed

21 in harmony with Republic Act No. 9184, Republic Act No. 3019, Republic Act No. 6713,

22 and other procurement-related laws. In case of irreconcilable conflict, the provisions of

23 this Act shall prevail.

24

25 **Section 12. Separability Clause.** – If any part or provision of this Act is held

26 unconstitutional or invalid, the remainder thereof not otherwise affected shall remain in

27 full force and effect.

28

29 **Section 13. Repealing Clause.** – All laws, decrees, executive orders, rules, and

30 regulations, or parts thereof inconsistent with the provisions of this Act are hereby

31 repealed or modified accordingly.

32

33 **Section 14. Effectivity.** – This Act shall take effect fifteen (15) days following the

34 completion of its publication in the *Official Gazette* or in a newspaper of general circulation.

35

36 *Approved,*