

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5002



Introduced by Rep. ANGELO MARCOS BARBA
2nd District, Ilocos Norte

EXPLANATORY NOTE

Public procurement has long grappled with challenges of transparency, accountability and equitable access. The recent enactment of the New Government Procurement Act (NGPA) is a significant step towards reform. However, the NGPA does not sufficiently address the deep-rooted influence of kinship ties and the systemic exploitation of patronage politics in awarding government contracts, which consistently undermine public trust and the integrity of the procurement process.

This bill seeks to uphold the integrity of government procurement and strengthen public trust in the State's procurement systems by prohibiting the undue influence of personal and familial relationships. It seeks to impose an absolute disqualification from bidding for any government contract on entities whose beneficial owners, directors, officers, or partners are related within the fourth civil degree of consanguinity or affinity to government officials or employees.

Stringent disclosure and certification requirements for bidders are incorporated to establish a mechanism for the verification of relationships between bidders and government personnel, while imposing heavy penalties for non-compliance, including blacklisting and criminal liability for officers or owners knowingly involved in fraudulent practices.

Further, this bill aims to foster a level playing field for all entities participating in public procurement and guarantees transparency and integrity in the procurement proceedings.

By ensuring that all bidders are subject to the same rigorous standards, this proposed measure reflects the values of accountability, fairness, and good governance.

Let us all be reminded that public office is a public trust and that any attempt to undermine this trust will be met with the full force of the law.

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



ANGELO MARCOS BARBA

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5002

Introduced by Rep. ANGELO MARCOS BARBA
2nd District, Ilocos Norte

AN ACT
STRENGTHENING TRANSPARENCY AND FAIRNESS IN
GOVERNMENT PROCUREMENT BY PROHIBITING AND
DISQUALIFYING THOSE WITH FAMILIAL TIES TO PUBLIC OFFICIALS
FROM PARTICIPATING IN GOVERNMENT PROCUREMENT

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

SECTION 1. Short Title. This Act shall be known as the "*Anti-Family Ties in Government Contracts Act*".

SEC. 2. Declaration of Policy. It is the policy of the State to uphold the highest standards of integrity, transparency, and accountability in the procurement processes of the government. To promote good governance, eradicate corruption, and foster public trust, the State shall prevent any form of undue influence arising from personal or familial relationships, from affecting the award of government contracts. In the pursuit of these objectives, all entities involved in government procurement, including contractors, corporations, partnerships, joint ventures, and other juridical entities, shall be disqualified from participating in any procurement process if any of their beneficial owners, directors, officers, or partners have a familial relationship within the fourth civil degree of consanguinity or affinity with a government official or employee.

SEC. 3. Scope and Coverage. This Act shall apply to all forms of government contracts, including those related to infrastructure, goods, services, consulting, and any other procurement activity, in strict compliance with the constitutional mandate that public office is a public trust.

SEC. 4. Definition of Terms. For purposes of this Act, the following terms are hereby defined:

- (a) **Bidder** refers to any natural or juridical person, including supplier, manufacturer, distributor, contractor, corporations, partnerships, joint ventures, and other juridical entities, that submits a bid, proposal, or offer for the award of a government contract.
- (b) **Beneficial Owner** refers to the natural person who, directly or indirectly, ultimately owns, controls, or dominantly influences the management or policies of the juridical entity, including any person who exercises effective control over the entity.
- (c) **Government Contract** refers to any contract between a private entity and any government office, within the executive, legislative, or judicial branches of the government, including government-owned and controlled corporations (GOCCs), government financial institutions (GFIs), government instrumentalities, and state universities and colleges (SUCs) and local government units (LGUs), that pertains to (a) supplies, materials, machinery, equipment, and services; (b) infrastructure projects; (c) joint ventures; (d) public-private partnership projects; and (e) other similar or analogous agreements or undertaking to which the latter is the procuring party, partner, shareholder, implementing agency, end user, or a party contributing public funds or property: *Provided, That, this shall exclude contracts that are highly technical, proprietary, or confidential in nature.*
- (d) **Government Official or Employee** refers to any individual, regardless of status (whether permanent, temporary, or casual), holding an elected or appointed position within the executive, legislative, or judicial branches of the government, including government-owned and controlled corporations (GOCCs), government instrumentalities, and state universities and colleges (SUCs).
- (e) **Procuring Entity** refers to any branch, department, office, agency, bureau, or instrumentality of the government, including GOCCs, GFIs, SUCs, and LGUs, which is responsible for the procurement of goods, services, infrastructure projects, or any other government contract.
- (f) **Relative** refers to any person related by blood or marriage within the fourth civil degree of consanguinity or affinity, in accordance with the Civil Code of the Philippines.

SEC. 5. Absolute Disqualification of Bidders. A bidder, including any corporation, partnership, joint venture, or other juridical entity, shall be

absolutely disqualified from participating in any government procurement process if:

- (a) Any of its beneficial owners, directors, officers, or partners is a relative of a government official or employee within the fourth civil degree of consanguinity or affinity; and
- (b) The government official or employee is:
 - i) The head of an agency, head of the procuring entity, member of the executive or governing board;
 - ii) Any public officer or employee, whether elective or appointive, who exercises policy-determining, managerial, or oversight functions; or
 - iii) Has participated in, or exercised authority over, the formulation of the National Expenditure Program or the preparation and passage of the General Appropriations Bill.

This prohibition shall apply to all government contracts, regardless of the government agency, office, or branch in which the relative of the bidder is employed or holds any position. To avoid doubt, the prohibition shall likewise apply irrespective of whether such government official or employee is connected with, or directly engaged in, the procuring entity.

In the case of a joint venture or consortium, this disqualification shall apply to the entire entity, and all constituent parties to the joint venture or consortium shall be disqualified, regardless of whether the relative holds a position in the entity.

SEC. 6 Mandatory Disclosure and Certification. As a prerequisite for eligibility for accreditation and to participate in any government procurement, all bidders shall submit a sworn statement, in the form of a notarized affidavit, certifying under oath the following:

- (a) That none of its beneficial owners, directors, officers, or partners has a relative within the fourth civil degree of consanguinity or affinity who is a government official or employee.
- (b) That, if any of its beneficial owners, directors, officers, or partners has a relative within the fourth civil degree of consanguinity or affinity to any government official or employee, the bidder shall disclose the full name,

position, and relationship of the relative, and the office or position held by such relative in government.

SEC. 7. Penalties and Sanctions. Any bidder found to have violated the provisions of this Act shall be subject to the following penalties:

- (a) *For the First Offense:* Blacklisting and disqualification from participating in any government procurement process for a period of two (2) years from the date of discovery of the violation.
- (b) *For the Second Offense:* Permanent blacklisting from all future government procurement processes, and the imposition of a fine equivalent to twenty percent (20%) of the Approved Budget for the Contract (ABC) involved in the violation. The fine shall be paid to the National Treasury, without prejudice to any civil or criminal liabilities under applicable laws.

Furthermore, the directors, officers, beneficial owners, or partners of the offending entity who knowingly participated in or authorized the violation shall be criminally liable under the provisions of Republic Act No. 3019 (the "Anti-Graft and Corrupt Practices Act"), as well as other applicable laws governing unethical practices, conflicts of interest, and corruption.

The penalties imposed by this Act shall be without prejudice to the forfeiture of any bid security posted in connection with the procurement in question, and the offending bidder shall be liable for all costs incurred by the government in connection with the procurement process.

SEC. 8. Implementing Rules and Regulations. The Government Procurement Policy Board (GPPB), in consultation with the Office of the Ombudsman, the Commission on Audit (COA), and other relevant agencies, shall promulgate the necessary rules and regulations for the effective and efficient implementation of this Act. The implementing rules and regulations shall be issued within sixty (60) days from the effectivity of this Act.

SEC. 9. Separability Clause. If any provision of this Act is held to be unconstitutional or invalid by a competent court of law, the remainder of this Act not affected by such declaration shall remain in full force and effect.

SEC. 10. Repealing Clause. All laws, executive orders, rules and regulations, and other issuances or parts thereof that are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 11. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,