

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

TWENTIETH CONGRESS

First Regular Session

House Bill No. 5789



Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

EXPLANATORY NOTE

Article XI, Section 1 of the 1987 Constitution declares that public office is a public trust. Public officers and employees must at all times be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency, act with patriotism and justice, and lead modest lives.¹

Consistent with this constitutional principle, the State has long recognized the necessity of preserving integrity, transparency, and fairness in government transactions. However, despite the passage of landmark measures such as Republic Act No. 3019, otherwise known as the *Anti-Graft and Corrupt Practices Act*; Republic Act No. 6713, or the *Code of Conduct and Ethical Standards for Public Officials and Employees*; and Republic Act No. 12009, or the *New Government Procurement Act*, public trust in government procurement and contracting remains vulnerable to real or perceived conflicts of interest.²

Instances where relatives of public officials—whether directly or indirectly—participate in government contracts, joint ventures, or public-private partnerships continue to erode public confidence. Even when such transactions are legally defensible, they create an appearance of undue advantage or influence that undermines the credibility of public institutions and weakens investor and citizen confidence in the State's capacity to act impartially.

This measure, entitled the "Conflict-of-Interest Firewall Act of 2025," seeks to strengthen institutional integrity in public procurement and contracting by establishing a *comprehensive statutory protective mechanism* between public officials and their relatives within the fourth civil degree of consanguinity or affinity.

Specifically, the bill:

1. Expands the scope of coverage to include both:

- a) *Direct contracting* by individuals related to public officials within the prohibited degree; and
- b) *Indirect participation* through corporations, partnerships, or associations

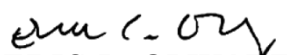
where such relatives hold controlling interest, beneficial ownership, or management roles, or otherwise derive benefit from the contract.

2. Covers all types of government contracts, including those for the procurement of goods and services, infrastructure projects, joint ventures, and public-private partnership projects entered into by national government agencies, government-owned or controlled corporations (GOCCs), and local government units (LGUs).
3. Establishes proactive institutional mechanisms to prevent conflicts of interest before they arise, such as:
 - a) Mandatory sworn disclosures by bidders, contractors, and covered public officials;
 - b) Recusal requirements for public officials with potential conflicts; and
 - c) The creation of a centralized electronic Conflict-of-Interest (COI) Registry managed by the Government Procurement Policy Board (GPPB) in coordination with the Civil Service Commission (CSC), Governance Commission for GOCCs (GCG), and Department of the Interior and Local Government (DILG), to enable real-time verification of conflicts before contract award.
4. Prescribes clear penalties for violations:
5. Ensures harmony with existing legislation by aligning with *R.A. No. 12009 (New Government Procurement Act)*, *R.A. No. 3019*, and *R.A. No. 6713*, thereby creating a coherent and transparent legal framework for ethical contracting, disclosure, and oversight.

By institutionalizing disclosure systems and a conflict-of-interest registry, this bill ensures prevention rather than post-facto punishment. It protects honest public officials from baseless allegations, provides clear procedural safeguards for procurement officers, and strengthens the rule of law in public contracting.

Ultimately, this measure aims to restore public trust, protect public funds, and reaffirm the Filipino people's faith that government decisions are made solely in the public interest—free from familial bias or influence.

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


ERIC L. OLIVAREZ

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Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

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:

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

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

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

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

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

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

Section 4. Scope of Government Contracts Covered. – The term “government contract” shall include any agreement between a private entity and any government agency or instrumentality, including government-owned or -controlled corporations (GOCCs) 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 prohibition shall not apply to contracts that are of:

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

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

Section 6. Disclosure and Sworn Statement. –

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

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

(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) 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 pre-award verification of conflicts of interest.
- (d) The GPPB shall promulgate rules for the efficient operation of the Registry and shall coordinate with the Commission on Audit for audit and enforcement. Violations of disclosure requirements or misuse of Registry data shall be punishable under the penalties provided in Section 3 hereof and other applicable laws.

Section 9. Implementing Rules and Regulations. – Within sixty (60) days from the effectivity of this Act, the Government Procurement Policy Board, Department of the Interior and Local Government, Public-Private Partnership Center, and Governance Commission for GOCCs, in coordination with other concerned government agencies, shall jointly promulgate the rules and regulations to effectively implement the provisions of this Act.

Section 10. Transitory Provision. – Contracts validly executed prior to the effectivity of this Act shall not be impaired, but renewals, extensions, or modifications thereof after effectivity shall be subject to the provisions of this Act.

Section 11. Relation to Other Laws. – The provisions of this Act shall be construed in harmony with Republic Act No. 12009, otherwise known as the *New Government Procurement Act*, and other related laws, including Republic Act No. 3019 (*Anti-Graft and Corrupt Practices Act*) and Republic Act No. 6713 (*Code of Conduct and Ethical Standards for Public Officials and Employees*).

During the transition period provided under Section 113 of R.A. No. 12009, the Implementing Rules and Regulations of Republic Act No. 9184 shall continue to govern procurement processes insofar as they are not inconsistent with this Act.

In case of irreconcilable conflict, the provisions of this Act shall prevail.

Section 12. Separability Clause. – If any part or provision of this Act is held unconstitutional or invalid, the remainder thereof not otherwise affected shall remain in full force and effect.

Section 13. Repealing Clause. – All laws, decrees, executive orders, rules, and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 14. Effectivity. – This Act shall take effect fifteen (15) days following the completion of its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,