

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5940



Introduced by Representative Jan Rurik D. Padiernos, GP (Galing sa Pusong) Party-List

EXPLANATORY NOTE

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 and integrity, and lead modest lives.


Despite the presence of anti-corruption measures, conflicts of interest and undue influence continue to occur when public officials or their relatives indirectly participate in government contracts. In many cases, officials divest or transfer nominal shares to relatives or intermediaries to circumvent existing disqualification rules. This weakens public confidence in government transactions and creates an uneven playing field for honest bidders and investors.

Republic Act No. 12009 or the New Government Procurement Act, already requires disclosure of relationships up to the third civil degree. However, this scope is no longer adequate to confront modern business practices in which influence spreads beyond tight familial ties. Furthermore, the rule does not apply in cases where a public official or a relative retains even minimal or indirect beneficial ownership in a company involved in a government contract.

This bill seeks to close these gaps by expanding the disqualification up to the fourth civil degree of consanguinity or affinity, and by prohibiting any participation by entities in which such officials or relatives hold any share, however minimal, or beneficial interest. The prohibition shall extend to all forms of government regardless of the source of funds, whether local or foreign.

Through this measure, we affirm that the use of public funds and resources must always be beyond suspicion. No public official, directly or indirectly, should benefit from government transactions. Strengthening this safeguard is a step toward restoring public trust, ensuring fair competition, and upholding transparency and accountability in all levels of government.

Approval of this bill is earnestly sought.


ATTY. JAN RURIK D. PADIERNOS
GP (Galing sa Pusong) Party-List

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AN ACT PROHIBITING RELATIVES OF PUBLIC OFFICIALS UP TO THE FOURTH CIVIL DEGREE OF CONSANGUINITY OR AFFINITY, AND ENTITIES WITH BENEFICIAL OWNERSHIP OR INTEREST THEREOF, FROM ENTERING INTO ANY GOVERNMENT CONTRACT, AND FOR OTHER PURPOSES

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-Conflict of Interest and Relatives Disqualification Act.*”

SEC. 2. *Declaration of Policy.* It is the policy of the State to uphold the highest standards of integrity, accountability, and transparency in all government transactions. Public office is a public trust, and no public official or their relatives shall, directly or indirectly, derive any personal or financial benefit from any contract with the government.

SEC. 3. *Definition of Terms.* – As used in this Act:

(a) *Relative* refers to any person related to a public official by consanguinity or affinity within the fourth civil degree.

(b) *Beneficial Owner* refers to a natural person who ultimately owns, controls, or exercises effective influence over the management, decisions, or policies of a juridical entity, whether through direct or indirect ownership, voting rights, contractual arrangements, or other means.

(c) *Beneficial Interest* refers to any direct or indirect ownership, control, shareholding, partnership interest, trust arrangement, or beneficial stake, regardless of the number or value of shares.

(d) *Government Contract* shall include any agreement between a private entity and any government agency or instrumentality, regardless of the source of funds, whether local or foreign, including government-owned or -controlled corporations (GOCCs) and local government units (LGUs), that pertains to:

- (1) supplies, materials, machinery, equipment, and services;
- (2) infrastructure projects;

- (3) joint ventures;
- (4) public-private partnership projects; and
- (5) other similar or analogous agreements or undertakings 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 not include contracts that are highly technical, proprietary, or confidential in nature, where exclusion is necessary to protect public interest, and such exclusion is duly approved by the Government Procurement Policy Board (GPPB) or the appropriate oversight body.

SEC. 4. *Disqualification of Relatives.* – Relatives within the fourth civil degree of consanguinity or affinity of any elected or appointed public official shall be prohibited from entering into, participating in, or benefitting from any government contract, directly or indirectly, during the official’s tenure and for a period of three (3) years thereafter.

SEC. 5. *Disqualification of Entities with Related Ownership or Interest.* – Any corporation, partnership, joint venture, cooperative, association, or other juridical entity shall likewise be disqualified from entering into any government contract if:

(a) any public official or their relative within the fourth civil degree owns or controls, directly or indirectly, any share, beneficial interest, or beneficial ownership, as defined in this Act, regardless of number or value; or

(b) the public official or relative previously held ownership or interest therein and such divestment occurred within three (3) years before assumption to office or during incumbency, unless full disclosure and fair-market divestment were made to an unrelated third party.

SEC. 6. *Period of Disqualification.* – The disqualification shall apply throughout the public official’s tenure and extend for three (3) years after leaving office, to prevent circumvention through delayed contracting.

SEC. 7. *Penalties.* – Any public official who violates the provisions of this Act shall be subject to administrative liability, including forfeiture of office and perpetual disqualification from holding any public office, without prejudice to the filing of appropriate criminal or civil actions under existing laws, including Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act”, and Republic Act No. 6713, otherwise known as the “Code of Conduct and Ethical Standards for Public Officials and Employees.”

Any private individual, officer, or juridical entity found to have participated in or benefitted from a prohibited government contract under this Act shall likewise be perpetually disqualified from entering into any form of government contract, procurement, or public-private partnership with any government agency, GOCC, or LGU.

SEC. 8. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Government Procurement Policy Board (GPPB), Commission on Audit (COA), and Civil Service Commission (CSC) shall jointly promulgate the necessary rules and regulations to implement this Act, in coordination with concerned oversight agencies such as the National Economic and Development Authority (NEDA), the Public-Private Partnership (PPP) Center, and other relevant bodies.

SEC. 9. *Repealing Clause.* All laws, decrees, executive orders, rules, and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 10. *Separability Clause.* – If any portion of this Act is declared unconstitutional or invalid, the other portions which are not affected thereby shall continue in full force and effect.

SEC. 11. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,