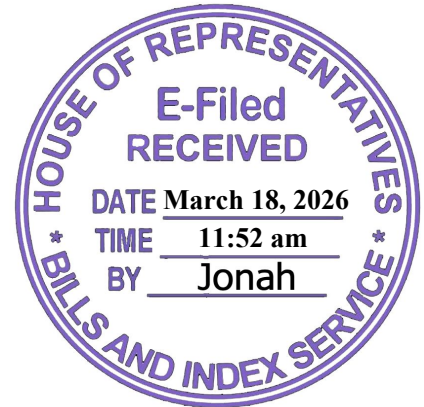


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8650



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to expand the prohibition on participation of relatives of public officials within the fourth civil degree of consanguinity or affinity from entering contracts with any government agency. While Republic Act No. 12009, otherwise known as the “*New Government Procurement Act*”, already requires disclosure of relationships and disqualifies bidders within the third civil degree in relation to specific procurement officials, gaps remain in public contracting that allow undue influence and preferential arrangements to persist across agencies and transactions.

The Philippines continue to face challenges in procurement integrity, as reflected in its ranking of one hundred and twentieth (120th) out of one hundred and eighty (180) countries in the 2025 Corruption Perceptions Index of Transparency International¹. The Commission on Audit has repeatedly flagged irregularities involving conflict of interest and undisclosed relationships in infrastructure projects, procurement of goods, and public-private partnerships. These erode public trust, distort market competition, and compromise the efficient use of public funds.

This bill imposes clear and uniform disqualification that extends beyond the procuring entity and applies across all government contracts, including subcontracting, joint ventures, and similar arrangements. It recognizes that familial relationships within the fourth civil degree remain sufficiently proximate to create both actual and perceived conflicts of interest, especially in closely networked political and business environments.

The proposed measure aligns with international best practices that call for stricter regulation of conflicts of interest in public procurement. The Organisation for Economic Co-operation and Development (OECD) emphasizes the need for comprehensive frameworks that prevent both direct and indirect influence in procurement decisions². Similarly, the World Bank identifies conflict of interest as a

¹ Transparency International. 2025 *Corruption Perceptions Index*.
<https://www.transparency.org/en/cpi/2025>

² The Organisation for Economic Co-Operation and Development. *Integrity in Public Procurement*. <https://www.oecd.org/en/topics/integrity-in-public-procurement.html>

major risk factor in procurement corruption and recommends broader disclosure and disqualification mechanisms to safeguard integrity³. By institutionalizing these principles, this vital piece of legislation advances transparency, accountability, and fair competition in government transactions.

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



HON. ERIC G. YAP

³ World Bank. (2020, January). *Conflict of Interest: How to identify and manage conflicts of interest in Evaluation Committees*.
<https://thedocs.worldbank.org/en/doc/240891579889685786-0290022020/original/ProcurementGuidanceConflictOfInterest.pdf>

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TWENTIETH CONGRESS
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HOUSE BILL NO. 8650

Introduced by **Representative ERIC G. YAP**

AN ACT
DISQUALIFYING RELATIVES OF PUBLIC OFFICIALS WITHIN THE FOURTH
CIVIL DEGREE OF CONSANGUINITY AND AFFINITY FROM ALL
GOVERNMENT CONTRACTS, AND PROVIDING PENALTIES THEREFOR

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 “*Government Contracting and Procurement Integrity Act*”.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption. Towards this end, cognizant of the need to eliminate potential avenues for corruption, and uphold fairness, integrity, transparency, impartiality, and accountability in the procurement process and the utilization of public funds, the State shall mitigate conflicts of interest that may arise from familial relationships between public officials and private entities participating in government contracts.

SEC. 3. *Scope and Application.* – This Act shall apply to contracts between a private entity and a government agency or instrumentality that pertains to a) supplies, materials, machinery, equipment, and services; (b) infrastructure projects; (c) joint ventures; (d) public-private partnership (PPP) projects; and (e) other similar or analogous agreements or undertakings to which the latter is the procuring entity, partner, shareholder, implementing agency, end user, or a party contributing public funds or property: *Provided*, That this Act shall likewise apply to contracts entered into by private entities that have existing contracts with government agencies and instrumentalities with third parties under subcontracting, consortium, joint venture or other similar business arrangements for the performance of such government contracts: *Provided, however*, That this Act shall not apply to contracts that are highly technical, proprietary, exclusive, or confidential in nature, duly certified by the Government Procurement Policy Board (GPPB) or the PPP Center, as the case may be.

SEC. 4. *Definition of Terms.* – As used in this Act:

a. Beneficial Owner refers to a natural person who: (1) ultimately owns or exercises dominant influence over the management or policies of the juridical entity; (2) exercises ultimate effective control over the juridical entity; or (3) owns, directly or indirectly through a chain of ownership, at least twenty percent (20%) of the voting rights, voting shares, or capital of the juridical entity;

b. Corporate Officer refers to the president, treasurer, secretary, compliance officer, or such other officers as may be provided in the bylaws of a juridical entity in accordance with Section 24 of Republic Act (RA) No. 11232, otherwise known as the “*Revised Corporation Code of the Philippines*”;

c. Covered Public Officials and Personnel shall refer to the public officials occupying national or local elective positions; cabinet secretaries, undersecretaries, and assistant secretaries; officers, directors, trustees or regents of government owned or controlled corporations (GOCCs) and state universities and colleges (SUCs); Heads of Procuring Entity; Procurement Agents, if engaged; the members of Bids and Awards Committee (BAC), Technical Working Group, and BAC Secretariat; Heads of the Project Management Office; End Users or Implementing Units; or the Project Consultants of any government agency or instrumentality; and

d. Government Agency and Instrumentality shall refer to any branch, department, bureau, office, agency, or instrumentality of the government, including GOCCs with or without original charter, SUCs, government financial institutions, and local government units;

SEC. 5. *Disqualification on the Basis of Relationship with Covered Public Officials and Personnel.* – Notwithstanding any provision of the law to the contrary, relatives of any covered public official or personnel within the fourth (4th) civil degree of consanguinity or affinity shall be barred from participating in or entering into any government contract or from engaging in subcontracting, consortium, joint venture, or other similar business arrangements for the performance of a government contract: *Provided, That* for juridical persons, such prohibition shall apply when such relatives are the beneficial owners of the juridical entity concerned or when they serve as corporate officers or members of the board of directors or trustees thereof;

SEC. 6. *Responsibilities of Private Entities.* - Private entities participating in or entering into any contract with government agencies and instrumentalities or engaging in subcontracting, consortium, joint venture or other similar business arrangements for the performance of any government contract shall bear a continuing responsibility to ensure compliance with the provisions of this Act and the performance of the following:

a. Submit, as part of the procurement or contract requirements, a sworn affidavit stating that neither the private entity nor, in the case of juridical

persons, its corporate officers, members of the board of directors or trustees, and beneficial owners are related by consanguinity or affinity within the fourth (4th) civil degree to any covered public official or personnel;

b. Refrain from participating in any procurement activity or contract with government agencies or instrumentalities or from engaging in subcontracting, consortium, joint venture, or other similar business arrangements for the performance of a government contract when the private entity or, in the case of juridical persons, any of its corporate officers, members of the board of directors or trustees, and beneficial owners are related by consanguinity or affinity within the fourth (4th) civil degree to any covered official or personnel; and

c. Maintain compliance with the provisions of this Act throughout the duration of the contract: *Provided*, That in the event that the private entity or, in the case of juridical persons, any of its corporate officers, members of the board of directors or trustees, or beneficial owners becomes related within the prohibited degree to any covered public official or personnel of the government agency or instrumentality concerned, the private entity shall disclose such relationship to the government agency or instrumentality concerned within fifteen (15) days from the date of knowledge or discovery thereof and shall undertake the necessary steps to cause the resignation or divestment of the disqualified person within a reasonable period as may be determined by the GPPB or PPP Center, as the case may be: *Provided, further*, That no liability shall attach to the private entity that, upon discovery of prohibited relationship, promptly discloses the same and undertakes the corrective action within the period to be prescribed by the GPPB and the PPP Center.

SEC. 7. *Liability of Private Entities.* – Without prejudice to administrative, criminal, and civil liabilities under applicable laws, including their accessory penalties, if any, liability shall attach to private entities participating in contracts with government agencies or instrumentalities or engaging in subcontracting, consortium, joint venture, or other similar business arrangements for the performance of a government contract for violations of this Act. Any private entity found to have knowingly violated any provision of this Act shall be penalized with imprisonment of not less than one (1) year nor more than three (3) years, a fine of not less than One hundred thousand pesos (P100,000.00), and perpetual disqualification from participating in any government procurement activity: *Provided*, That if the offender is a juridical person, the penalty of imprisonment shall be imposed upon the responsible corporate officers, members of the board of directors or trustees, and beneficial owners who knowingly participated in or authorized the commission of the violation, or who, through gross negligence, allowed such violation to occur or failed to prevent the same.

SEC. 8. *Liability of Public Officers.* – Without prejudice to administrative, criminal, and civil liabilities under RA No. 3019, otherwise known as the “*Anti-Graft and Corrupt Practices Act*”, RA No. 12009, otherwise known as the “*New Government*

Procurement Act", and other penal laws, any public official or personnel found to have knowingly aided or abetted the participation or entry of a disqualified private entity into contracts with government agencies and instrumentalities in violation of this Act, or found to have allowed or failed to prevent the violation of this Act despite knowledge thereof, shall be penalized with imprisonment of not less than one (1) year nor more than three (3) years, a fine of not less than One hundred thousand pesos (P100,000.00), and perpetual disqualification from public office: *Provided, however,* That this provision shall not apply to public officials and personnel with no participation or involvement whatsoever in the procurement process, award of contract, or contract execution or implementation.

SEC. 9. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the GPPB, PPP Center, Department of the Interior and Local Government, and Governance Commission for GOCCs, in consultation with other government agencies concerned, shall jointly promulgate the rules and regulations to effectively implement the provisions of this Act.

SEC. 10. *Separability Clause.* – If any provision of this Act is held invalid or unconstitutional, the other provisions not so declared shall remain in force and effect.

SEC. 11. *Repealing Clause.* – RA No. 12009, otherwise known as the "*New Government Procurement Act*", insofar as Sections 3, 5, 6, and 7 of this Act is concerned, is hereby amended accordingly. All other laws, acts, presidential decrees, executive orders, issuances, presidential proclamations, rules and regulations or parts thereof, which are contrary to and inconsistent with any provision of this Act, are hereby repealed, amended or modified accordingly.

SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,