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S. B. No. 1029

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

EXPLANATORY NOTE

A common practice in government procurement, guided by Philippine procurement laws, is to consider price as the major criterion for awarding government purchases and contracts. However, given the current social climate, there is now a need to consider other factors that enable a product or service to deliver adequate or even added value to both the purchaser and to the community at large.

Thus, we wish to introduce the concept of "social value" as an additional criterion governing Philippine government procurement.

"**Social value,**" as we define it in this measure, "refers to the additional benefit to society of procuring a good or service, over and above the direct benefit and value of the good or service to the procuring entity. Additional benefits may include support for poor communities or marginalized groups, advancement of human rights and social justice, protection of the environment, and community development."

At the root of this concept is the recognition that government funds should be allocated to products, services, and programs that offer the greatest good, at the best value. Therefore, when evaluating suppliers for government purchases, contracts, and projects, purchasers must look beyond price and also consider such factors as quality, production practices, and even the impact that these practices have on a larger community.

Legislature is thus urged to pass this proposed "Social Value Act". By redefining the concept of "social value" and "value for money," we can enable the State to maximize benefits for society and also drive up service quality and inclusive growth.

Senator Paolo Benigno "Bam" A. Aquino IV

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THE PHILIPPINE SOCIAL VALUE ACT

Section 1. Title. This Act shall be also known as the "Social Value Act of 2013."

Section 2. Declaration of Policy. The State shall declare its commitment to promote social responsibility and accountability in the use of public funds. It shall recognize the importance of utilizing government resources not only efficiently but also effectively to derive the greatest collective benefit to the community. This Act aims to integrate social value in the public procurement process as a key strategy to addressing social inequities and promoting national development.

Section 3. Definition of Terms.

"*Social Value*" refers to the additional benefit to society of procuring a good or service, over and above the direct benefit and value of the good or service to the procuring entity. Additional benefits may include support for poor communities or marginalized groups, advancement of human rights and social justice, protection of the environment, and community development.

"*Competitive Bidding*" - refers to a method of procurement which is open to participation by any interested party and which consist of the following processes: advertisement, pre-bid conference, eligibility screening of bids, evaluations of bids, post - qualification, and award of contract, the specific requirements and mechanics of which shall be defined in the IRR to be promulgated under this Act.

"*Procurement*" - refers to the acquisition of Goods, Consulting Services, and the contracting for infrastructure projects by the Procuring Entity.

"*Procuring Entity*" refers to any branch, department, office, agency, or instrumentality of the government, including state universities and colleges, government-owned and/or - controlled corporations, government financial institutions, and local government units procuring Goods, Consulting Services and Infrastructure Projects.

"*Bids and Awards Committee*" is the committee established by each Procuring Entity to undertake the procurement process including advertising and/or posting the invitation to bid, conducting pre-procurement and pre-bid conferences, determining the eligibility of prospective

bidders, receiving bids, conducting the evaluation of bids, undertaking post-qualification proceedings, and recommending award of contracts to the Head of the Procuring Entity.

"Government Procurement Policy Board" refers to the Board established to: (a) protect national interest in all matters affecting public Procurement, having due regard to the country's regional and international obligations; (b) formulate and amend, whenever necessary, the IRR and the corresponding standard forms for Procurement; (c) ensure that Procuring Entities regularly conduct Procurement training programs and prepare a Procurement operations manual for all offices and agencies of government; and (d) conduct an annual review of the effectiveness of this Act and recommend any amendments thereto, as may be necessary.

Section 4. Public Procurement for Social Value

- (a) The government shall include social value in the competitive bidding criteria and requirements for the public procurement of goods, services and projects.
- (b) The Government Procurement Policy Board (GPPB) shall set the standards and guidelines to be followed by procuring entities and the Bids and Awards Committees for measuring and assessing social value alongside the technical and financial components of each bid.
- (c) Procuring entities shall include social value in their annual procurement planning and budgeting considerations, and to identify social requirements in their bidding specifications according to guidelines provided by the GPPB.
- (d) The Bids and Awards Committees (BAC) shall be responsible for undertaking the procurement process and ensuring that the Procuring Entity abides by the standards set forth by the GPPB in fulfillment of this Act.

SECTION 4. Implementing Rules or Regulations. The Government Poverty Policy Board (GPPB) shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its approval. The rules and regulations issued pursuant to this Act shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

SECTION 5. Separability Clause. If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 6. Repealing Clause. All laws, presidential decrees, executive orders, proclamations and/or administrative regulations which are inconsistent with the provisions of this Act are hereby amended, modified, superseded or repealed accordingly.

SECTION 7. Effectivity Clause. This Act shall take effect fifteen (15) days 12 from its publication in at least two newspapers of national circulation.