

15 JAN 28 P3:05

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
S.B. No. 2589

INTRODUCED BY Senator TEOFISTO "TG" GUINGONA III

**AN ACT
AMENDING REPUBLIC ACT NO. 9184, OTHERWISE KNOWN AS "AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION, AND
REGULATION OF THE PROCUREMENT ACTIVITIES OF THE GOVERNMENT
AND FOR OTHER PURPOSES"**

EXPLANATORY NOTE

Considering the existence of big-ticket infrastructure projects of the government, which may require more than one year to finish, there is a need to amend the "Government Procurement Reform Act," to allow the funding of such projects across several years. Under the current set-up, the Approved Budget for the Contract (ABC) for a project in the General Appropriations Act (GAA), covers only one (1) year. Because of this limitation, a massive infrastructure project is at times, split into several one-year contracts, which in the long run, is inefficient, uneconomical, and time-consuming. Creating sub-contracts to implement just one infrastructure project may also lead to opportunities for graft and corruption.

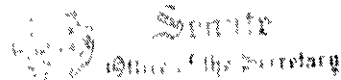
Allowing a single "multi-year contract" under the Government Procurement Reform Act, would promote better management of the infrastructure project. The progress of such projects would then be easily monitored. Accountability for defects and deficiencies will, as a result of this kind of contract, will also be easily identified.

In line with the need for budget efficiency in the construction of government projects, is the promotion of "value engineering," a system by which, essentially, the value of the project is enhanced by rationalizing its design, thereby making the project also more cost-efficient.

Multi-year contracts and Value Engineering should therefore be institutionalized, in order to ensure that government funds shall not be subject of wastage, fraud, or corruption.

In view of the foregoing, the immediate enactment of this measure is earnestly sought.


TEOFISTO "TG" GUINGONA III
Senator



15 JAN 28 P3:05

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

Office of the Secretary
J. ...

SENATE

S.B. No. 2589

Introduced by Senator TEOFISTO "TG" GUINGONA III

AN ACT
AMENDING REPUBLIC ACT NO. 9184, OTHERWISE KNOWN AS AN ACT
PROVIDING FOR THE MODERNIZATION, STANDARDIZATION, AND
REGULATION OF THE PROCUREMENT ACTIVITIES OF THE GOVERNMENT
AND FOR OTHER PURPOSES

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

1 **SECTION 1.** SECTION 5 (A) OF REPUBLIC ACT NO. 9184 IS HEREBY
2 AMENDED TO READ AS FOLLOWS:

3
4 “(a) Approved Budget for the Contract (ABC) – refers to the budget for the contract duly
5 approved by the Head of the Procuring Entity, as provided for in the General Appropriations Act,
6 and/or continuing appropriations, AND/OR IN MULTI-YEAR OBLIGATIONAL
7 AUTHORITIES ISSUED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT,
8 BASED ON THE MEDIUM-TERM PUBLIC INVESTMENT PROGRAM OF THE
9 GOVERNMENT APPROVED BY THE NATIONAL ECONOMIC AND DEVELOPMENT
10 AUTHORITY, in the CASE OF National Government Agencies; the Corporate Budget for the
11 contract approved by the governing Boards, pursuant to E.O. No. 518, series of 1979, in the case
12 of Government Financial Institutions and State Universities and Colleges; and the Budget for the
13 contract approved by the respective Sanggunian, in the case of Local Government Units.”

14
15 **SECTION 2.** A NEW “SECTION 7” IS HEREBY PROVIDED AS FOLLOWS:

16
17 “**SECTION 7. MULTI-YEAR CONTRACTS.** IN THE CASE OF A
18 MAJOR PROJECT OF A NATIONAL GOVERNMENT AGENCY,
19 WHICH WILL TAKE MORE THAN ONE YEAR TO IMPLEMENT,
20 THE PROCURING ENTITY MAY PROCURE, IN ACCORDANCE
21 WITH THE PROVISIONS OF THIS ACT, A SINGLE MULTI-YEAR
22 CONTRACT COVERING THE ENTIRE SCOPE OF WORK OF THE
23 PROJECT OR A USABLE PORTION THEREOF UP TO ITS
24 COMPLETION, UNDER THE FOLLOWING CONDITIONS:

25
26 (A) THE ABC SHALL COVER THE TOTAL COST OF THE
27 ENTIRE MULTI-YEAR CONTRACT UP TO THE COMPLETION OF
28 THE PROJECT OR A USABLE PORTION THEREOF.
29

30 (B) AS A PREREQUISITE TO THE AWARD OF THE CONTRACT,
31 THE PROCURING ENTITY MUST HAVE A MULTI-YEAR
32 OBLIGATIONAL AUTHORITY, ISSUED BY THE DEPARTMENT
33 OF BUDGET AND MANAGEMENT, WHICH SHALL AUTHORIZE
34 THE PROCURING ENTITY TO ENTER INTO A MULTI-YEAR
35 CONTRACT FOR THE PROJECT OR A USABLE PORTION
36 THEREOF, AND WHICH SHALL CERTIFY THAT THE FUNDS TO
37 COVER THE TOTAL MULTI-YEAR CONTRACT COST SHALL BE
38 INCLUDED IN THE ANNUAL BUDGET PROPOSALS OF THE END-
39 USER AGENCY OR PROCURING ENTITY, WITHIN ITS BUDGET
40 CEILINGS, SUBJECT TO APPROVAL BY CONGRESS OF THE
41 APPROPRIATION OF THE FUNDS FOR THE PROJECT THROUGH
42 THE GENERAL APPROPRIATIONS ACT.”
43

44 **SECTION 3.** A NEW “SECTION 8” IS HEREBY PROVIDED AS FOLLOWS
45

46 **“SECTION 8. VALUE ENGINEERING.** FOR MAJOR
47 INFRASTRUCTURE PROJECTS, IN TERMS OF SIZE AND
48 COMPLEXITY, AS SPECIFIED BY THE HEAD OF THE
49 PROCURING ENTITY, VALUE ENGINEERING SHALL BE
50 CONDUCTED ACCORDING TO ACCEPTED STANDARDS AND
51 PRACTICES. VALUE ENGINEERING IS A SYSTEMATIC PROCESS
52 OF REVIEWING AND ASSESSING A PROJECT, DURING THE
53 PLANNING, DEVELOPMENT, AND DESIGN PHASES, IN ORDER
54 TO:
55

56 (A) ANALYZE ALTERNATIVE SCHEMES OF ACHIEVING THE
57 PROJECT OBJECTIVES IN ORDER TO DELETE OR REDUCE NON-
58 ESSENTIAL FEATURES, AND TO LESSEN THE LIFE CYCLE
59 COSTS OF THE PROJECT;

60
61 (B) IMPROVE THE VALUE AND QUALITY OF THE PROJECT;
62 AND

63
64 (C) REDUCE THE TIME TO COMPLETE THE PROJECT.”
65

66 **SECTION 4.** SECTIONS 7 TO 78 OF THE ACT ARE HEREBY RENUMBERED TO
67 SECTIONS 9 TO 80, RESPECTIVELY.

68 **SECTION 5. SEPARABILITY CLAUSE.** IF ANY PROVISION OF THIS ACT IS
69 DECLARED UNCONSTITUTIONAL OR INVALID, OTHER PARTS OR PROVISIONS
70 HEREOF SHALL CONTINUE TO BE IN FULL FORCE AND EFFECT.

71 **SECTION 6. REPEALING CLAUSE.** ALL LAWS, DECREES, EXECUTIVE
72 ORDERS, RULES AND REGULATIONS, OR PARTS THEREOF, INCONSISTENT WITH
73 THE PROVISIONS OF THIS ACT ARE HEREBY REPEALED OR MODIFIED
74 ACCORDINGLY.

75 **SECTION 7. EFFECTIVITY CLAUSE.** THIS ACT SHALL TAKE EFFECT
76 IMMEDIATELY AFTER ITS PUBLICATION IN THE OFFICIAL GAZETTE OR IN AT
77 LEAST TWO (2) NEWSPAPERS OF GENERAL CIRCULATION.

Approved,