

SENATE

'19 AUG 28 P1 :44

S. No. 980

RECEIVED BY: _____

Introduced by Senator Ralph G. Recto

AN ACT
STRENGTHENING LOCAL INFRASTRUCTURE INDUSTRY PLAYERS,
AMENDING FOR THE PURPOSE SECTION 23 OF REPUBLIC ACT NO. 9184,
OTHERWISE KNOWN AS THE GOVERNMENT PROCUREMENT REFORM ACT,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Infrastructure plays a significant role in a country's economic growth and ultimately, the people's quality of life. However, investments on public sector infrastructure have been consistently below 3% of the gross domestic product (GDP) and it was only in 2015, that government spending on infrastructure increased at slightly over 4% of GDP. Since then, public sector infrastructure budget steadily increased to P756.4 billion or 5.2% of GDP in 2016 and P860.7 billion or 5.4% of GDP in 2017.¹

Despite the increase in infrastructure spending, our country still has a huge infrastructure deficit. To close the large infrastructure gap, the government is planning to jack up spending to 7.1% of gross domestic product by 2022. Experts claim that the Philippine infrastructure industry is expected to experience robust growth in the next five years with the local construction industry seen growing more than half by 2020.²

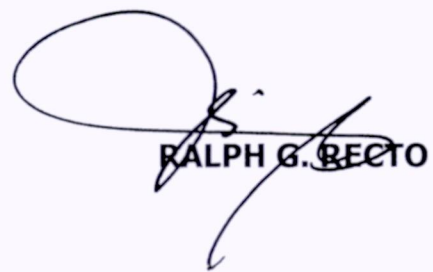
¹ Source: DBM. Budget of Expenditures. (Accessed April 18, 2017)

² Richmond Mercurio. Philippine Star. "Philippine construction works seen growing over 50% by 2020." May 26, 2016. <http://www.philstar.com/business/2016/05/26/1586914/philippine-construction-works-seen-growing-over-50-2020> (Accessed April 19, 2017).

However, to ensure inclusive growth, the construction industry should not be monopolized by the infrastructure giants. The government should also enable small players to contribute to its envisioned 'golden age of infrastructure'³ by providing them better chances in winning government infrastructure contracts.

The proposed measure seeks to support the local infrastructure industry, promote growth in small infrastructure firms and encourage infrastructure firms to set up their offices in the provinces. To achieve these, the bill proposes additional eligibility requirements for the procurement of hard infrastructure projects to give priority to infrastructure firms whose main office is situated in the province or region where the project shall be implemented by determining the participation of prospective bidders for the procurement of infrastructure projects based on the approved budget for the contract.

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



RALPH G. RECTO


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³ <http://business.inquirer.net/225770/philippines-aims-golden-age-infrastructure> (Accessed April 19, 2017).

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

1 Section 1. Section 23 of Republic Act No. 9184 otherwise known as the
2 "Government Procurement Reform Act" is hereby amended to read as follows;

3 "Sec. 23. Eligibility Requirements for the Procurement of Goods and
4 Infrastructure Projects. – The BAC or, under special circumstances specified in
5 the IRR, its duly designated organic office shall determine the eligibility of
6 prospective bidders for the procurement of Goods and Infrastructure Projects,
7 based on the bidders' compliance with the eligibility requirements within the
8 period set forth in the Invitation to Bid. The eligibility requirements shall
9 provide for fair and equal access to all prospective bidders. The documents
10 submitted in satisfaction of the eligibility requirements shall be made under
11 oath by the prospective bidder or by his duly authorized representative
12 certifying to the correctness of the statements made and the completeness
13 and authenticity of the documents submitted.

14 "A prospective bidder may be allowed to submit his eligibility
15 requirements electronically. However, said bidder shall later on certify under
16 oath as to correctness of the statements made and the completeness and
17 authenticity of the documents submitted.

1 **"PROVIDED, THAT, FOR THE PROCUREMENT OF**
2 **INFRASTRUCTURE PROJECTS, THE PARTICIPATION OF**
3 **PROSPECTIVE BIDDERS SHALL BE DETERMINED BASED ON THE**
4 **APPROVED BUDGET FOR THE CONTRACT (ABC) AS FOLLOWS:**

5 **1. ABC OF ONE HUNDRED MILLION PESOS**
6 **(P100,000,000.00) AND BELOW. – LOCATION OF THE MAIN**
7 **OFFICE OF THE BIDDER MUST BE WITHIN THE PROVINCE**
8 **WHERE THE PROJECT SHALL BE IMPLEMENTED;**

9 **2. ABC OF ABOVE ONE HUNDRED MILLION PESOS**
10 **(P100,000,000.00) AND BELOW TWO HUNDRED MILLION**
11 **PESOS (P200,000,000.00). – LOCATION OF THE MAIN OFFICE**
12 **OF THE BIDDER MUST BE WITHIN THE REGION WHERE THE**
13 **PROJECT SHALL BE IMPLEMENTED; AND**

14 **3. ABC OF ABOVE TWO HUNDRED MILLION PESOS**
15 **(P200,000,000.00). – LOCATION OF THE MAIN OFFICE OF THE**
16 **BIDDER CAN BE ANYWHERE IN THE PHILIPPINES."**

17 *Sec. 2. Implementing Rules and Regulations.* – Within sixty (60) days after
18 the effectivity of this Act, the Department of Public Works and Highways and the
19 Government Procurement Policy Board shall formulate the rules and regulations to
20 effectively implement the provisions of this Act.

21 *Sec. 3. Repealing Clause.* – Any law, presidential decree or issuance,
22 executive order, letter of instruction, rule or regulation inconsistent with the
23 provisions of this Act is hereby repealed or modified accordingly.

24 *Sec. 4. Effectivity.* – This Act shall take effect fifteen (15) days following its
25 complete publication in two (2) newspapers of general circulation or in the *Official*
26 *Gazette*.

Approved,