

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

OFFICE OF THE SECRETARY

9 MAR -3 P1:59

SENATE

S.B. NO. **3115**

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Introduced by Senator Richard J. Gordon, Chairman and Members of the  
Committee on Accountability of Public Officers and Investigations

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### EXPLANATORY NOTE

The Government Procurement Reform Act (Republic Act No. 9184) enacted on January 10, 2003 was envisioned to employ the much needed reforms in the country's procurement system. Six years after its enactment, corruption in the public and private sector in the country is still pervasive and deep-rooted, according to both government and international sources.

The Philippines has fallen further in a global survey ranking countries in terms of perceived corruption, dropping to 141<sup>st</sup>, down 10 places from last year, among 180 countries surveyed by Transparency International. The country scored a 2.3 in the Corruption Perceptions Index (CPI), lower than last year's 2.5, on a scale where 10 is the highest possible grade. Compared to its neighbors, the Philippines scored lower than Singapore (9.2), Malaysia (5.1), Thailand (3.5), Vietnam (2.7), and Indonesia (2.6).

In the case of the fertilizer fund scam, a number of foundations, peoples' organizations, non-government organizations and associations have become agents for money laundering transactions, together with the National Agricultural and Fisheries Council, a regular attached agency of the Department of Agriculture. Findings of the Anti-Money Laundering Council (AMLC) revealed that a firm – Livelihood Corporation – where former Undersecretary Bolante of the Department of Agriculture transferred P172.6 million to Molugan Foundation, Inc. and P40 million to Assembly of Gracious Samaritan Foundation, Inc. (AGS). AMLC also found out that Molugan Foundation transferred P38 million to the AGS.

In this light, this Act seeks to amend the Government Procurement Reform Act of 2002 by including private institutions, non-government organizations, peoples' organizations and other private entities that receive government monies in the coverage of the Procurement Act. It is hoped that the enactment of this measure would make for implementation stricter and would tighten the registration and regulation of private entities, NGOs, and POs.

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

  
RICHARD J. GORDON  
Chairman

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**AN ACT**  
**AMENDING SECTION 4 OF REPUBLIC ACT NO. 9194, OTHERWISE**  
**KNOWN AS THE GOVERNMENT PROCUREMENT REFORM ACT ON ITS**  
**SCOPE AND APPLICATION**

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

**SECTION 1.** Section 4 of Republic Act No. 9184 is hereby amended to read  
as follows:

**ARTICLE I**

**GENERAL PROVISIONS**

X X X

**SEC. 4. *Scope and Application.*** – This Act shall apply  
to the Procurement and Infrastructure Projects, Goods, and  
Consulting Services, regardless of source of funds, whether  
local or foreign, by all branches and instrumentalities of  
government, its department, offices and agencies, including  
government-owned and/or controlled corporations and local  
government units, subject to the provisions of Commonwealth

Act No. 138; **PROVIDED THAT, PRIVATE INSTITUTIONS, NON-GOVERNMENT ORGANIZATIONS, PEOPLES' ORGANIZATIONS AND OTHER PRIVATE ENTITIES WHO OR WHICH ARE RECIPIENTS OF GOVERNMENT FUNDS ARE LIKEWISE COVERED BY THIS SECTION INsofar AS THE AMOUNT THEY HAVE RECEIVED FROM GOVERNMENT.**

Any treaty or international or executive agreement affecting the subject matter of this Act to which the Philippine government is a signatory shall be observed.

X X X

SEC. 2. **Repealing Clause.** - Any other law, presidential decree or issuance, executive order, letter of instruction, administrative order, proclamation, charter, rule or regulation and/or parts thereof contrary to or inconsistent with the provisions of this Act is hereby repealed, modified or amended accordingly.

SEC. 3. **Effectivity Clause.** - This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,