

[EXECUTIVE ORDER NO. 278, February 02, 2004]

**PRESCRIBING GUIDELINES FOR PROJECT LOAN NEGOTIATIONS
AND PACKAGING OF GOVERNMENT FOREIGN-ASSISTED
INFRASTRUCTURE PROJECTS**

WHEREAS, the 1987 Constitution and existing laws such as Commonwealth Act. Nos. 138 & 541, Republic Act (RA) No. 5183, the Official Development Assistance (ODA) Act of 1996, as amended, and Republic Act (RA) No. 9184 (otherwise known as the Government Procurement Act) mandate the government to give preference to qualified Filipinos in the grant of rights, privileges, and concessions covering the national economy and patrimony, including the purchase of materials, supplies, goods, and equipment as well as in the hiring of consultants, contractors, architects, engineers and other professionals necessary for a project's implementation;

WHEREAS, for recent foreign-assisted infrastructure projects bid out by various government agencies, there have been concerns raised by the Philippine Constructors Association (PCA) and the Confederation of Filipino Consulting Organizations (COFILCO) that the Filipino constructors and consultants are experiencing difficulty in participating in the bidding of such projects due to various reasons such as, among others, that the contracts have been packaged in sizes too large or beyond local financial capabilities or that the criteria and requirements for participation have been set above local capabilities and experience, or the criteria are set beyond the requirements of the project;

WHEREAS, there is a need to prescribe guidelines in the areas of preparation and packaging of projects/contracts and loan negotiations for government foreign-assisted infrastructure projects which will provide Filipino constructors and consultants with better market opportunities and allow them to upgrade their capabilities and compete internationally;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. General Policy on Consultancy Services for Government Infrastructure Projects. As a general rule, the government should, as much as possible, fund consultancy services for government infrastructure projects with local funds and using local resources and expertise. Consultancy services shall be proposed for foreign assistance only where foreign funding is indispensable or local funds are insufficient. For this purpose, the concerned government units shall provide funds in their respective investment programs for the following consultancy services:

- a. Pre-investment components which shall include feasibility studies and related surveys and special studies;
- b. Detailed engineering design and related activities (where the project is determined to be feasible);
- or c. Project Management/Supervision