

[GPPB RESOLUTION NO. 20-2013, July 30, 2013]

APPROVING AMENDMENTS TO SECTIONS 23.1(A)(VI), 23.5.1.4 AND 23.5.2.6 OF THE REVISED IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9184 ; CLAUSES 5.5 AND 12.1(A)(V) OF THE INSTRUCTIONS TO BIDDERS OF THE PHILIPPINE BIDDING DOCUMENTS FOR GOODS; AND CLAUSES 5.5 AND 12.1(A)(VI) OF THE INSTRUCTIONS TO BIDDERS OF THE PHILIPPINE BIDDING DOCUMENTS FOR INFRASTRUCTURE PROJECTS

WHEREAS, Section 63.1(b) of Republic Act (RA) No. 9184 and its revised Implementing Rules and Regulations (IRR) authorize the Government Procurement Policy Board (GPPB) to formulate public procurement policies, rules and regulations, and amend, whenever necessary, the IRR;

WHEREAS, as part of the eligibility documents for submission, Section 23.1(a)(vi) of the IRR of RA 9184 and Clauses 12.1(a)(v) and 12.1(a)(vi) of the Instructions to Bidders (ITB) of the Philippine Bidding Documents (PBDs) for Goods and Infrastructure Projects, respectively, require the submission of the prospective bidder's computation of its Net Financial Contracting Capacity (NFCC) or a commitment from a Universal or Commercial Bank to extend a credit line in favor of the prospective bidder if awarded the contract to be bid (CLC);

WHEREAS, Sections 23.5.1.4 and 23.5.2.6 of the IRR of RA 9184 and Clause 5.5 of the ITB of the PBDs for Goods and Infrastructure Projects provide for the NFCC formula, thus:

NFCC = [(Current assets minus current liabilities) (K)] minus the value of all outstanding or uncompleted portions of the projects under ongoing contracts, including awarded contracts yet to be started coinciding with the contract to be bid.

Where: **K = 10** for a contract duration of one year or less, **15** for a contract duration of more than one year up to two years, and **20** for a contract duration of more than two years.

WHEREAS, the GPPB adheres to the policy that the government should only be entering into contracts with potential bidders who are actually contributing to the coffers of the government through the payment of correct taxes;

WHEREAS, during the 2nd GPPB Regular Meeting held on 15 March 2013, the Board agreed to adopt, as a matter of policy, that the Income Tax Return, together with the Audited Financial Statement (AFS) submitted, should be used in determining the financial eligibility of bidders. During the meeting, the Board likewise created the NFCC Committee that will study alternative formula in lieu of the NFCC and the CLC;