

GOVERNMENT PROCUREMENT POLICY BOARD

RESOLUTION NO. 04-2005

TO ENDORSE FOR APPROVAL TO THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES, HER EXCELLENCY PRESIDENT GLORIA MACAPAGAL-ARROYO, THE PROPOSED AMENDMENT TO ANNEX “D”, CONTRACT IMPLEMENTATION GUIDELINES FOR THE PROCUREMENT OF GOODS, SUPPLIES AND MATERIALS, OF THE IMPLEMENTING RULES AND REGULATIONS PART A OF REPUBLIC ACT NO. 9184

WHEREAS, Section 88 of Presidential Decree 1445 (P.D. 1445), otherwise known as the “Government Auditing Code of the Philippines”, provides that, except with the prior approval of the Prime Minister (President), the government shall not be obliged to make an advance payment for services not yet rendered or for supplies and materials not yet delivered under any contract thereof;

WHEREAS, the same provision of law aforementioned further prescribes that no payment, partial or final, shall be made on any such contract except upon a certification by the head of the agency concerned to the effect that the services or supplies and materials have been rendered or delivered in accordance with the terms of the contract and have been duly inspected and accepted;

WHEREAS, pursuant to Section 63 of Republic Act No. 9184 (R.A. 9184), otherwise known as “Government Procurement Reform Act”, the Government Procurement Policy Board (GPPB), by mandate, shall formulate and amend public policies, rules and regulations, and protect national interest in all matters affecting public procurement;

WHEREAS, Annexes “E” and “F” of the Implementing Rules and Regulations Part A (IRR-A) of R.A. 9184 provide for the guidelines and/or rules and regulations governing advance payment in the procurement of infrastructure projects and consulting services respectively;

WHEREAS, Annex “D” (Contract Implementation Guidelines for the Procurement of Goods, Supplies and Materials) of the IRR-A is silent on the matter of advance payments and there is an apparent absence of rules and/or policies prescribing for and governing advance payments in contracts for the procurement of goods;

WHEREAS, the GPPB is cognizant of a policy vacuum that may arise in the implementation of contracts for the procurement of goods arising from the absence or insufficiency of guidelines and/or rules and regulations prescribing for the conditions for permissible advance payments and the application of such advance payment in cases where it is permitted;

GOVERNMENT PROCUREMENT POLICY BOARD

RESOLUTION NO. 04-2005

WHEREAS, during the 2nd GPPB meeting held on February 24, 2005, the members of the Board considered to propose the inclusion of a provision for the application of advance payment for procurement of goods as Section 4 of Annex “D” of the IRR-A of R.A. 9184;

WHEREAS, during the 3rd GPPB meeting held on April 1, 2005 at Unit 2506 Raffles Corporate Center, Ortigas Center, Pasig City, the Members of the Board discussed, considered and unanimously agreed to endorse to the President of the Republic of the Philippines, Her Excellency President Gloria Macapagal-Arroyo, the proposed amendment to the IRR-A in Annex “D”;

NOW, THEREFORE, for and in consideration of the foregoing premises, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested in **US** by law, hereby **RESOLVE** to favorably endorse, for approval, to the President of the Republic of the Philippines, Her Excellency President Gloria Macapagal-Arroyo, the proposed amendment to the IRR-A in Annex “D” thereof as follows:

4. ADVANCE PAYMENT

- 4.1. In accordance with Presidential Decree 1445, advance payment shall be made only after prior approval of the President, and shall not exceed fifteen percent (15%) of the contract amount, unless otherwise directed by the President; *Provided, however*, that for cases mentioned under 4.3 and 4.4 of these guidelines, no prior approval by the President shall be necessary.
- 4.2. All progress payments shall first be charged against the advance payment until the latter has been fully exhausted, unless otherwise approved by the President.
- 4.3. A single advance payment not to exceed fifty percent (50%) of the contract amount shall be allowed for contracts entered into by a procuring entity for the following services where requirement of down payment is a standard industry practice:
 1. Hotel and restaurant services;
 2. Use of conference/seminar and exhibit areas; and
 3. Lease of office space.

GOVERNMENT PROCUREMENT POLICY BOARD

RESOLUTION NO. 04-2005

- 4.4. Advance payment not to exceed fifteen percent (15%) of the contract amount, unless otherwise directed by the President, shall also be allowed for procurement of goods required to address contingencies arising from natural or man-made calamities in areas where a “State of Calamity” has been declared by appropriate authorities.

This resolution shall take effect immediately.

APPROVED this 1st of April 2005 at Quezon City, Philippines.

EMILIA T. BONCODIN

Secretary

Department of Budget and Management

ROMULO L. NERI

Director General

National Economic and Development
Authority

**NATIONAL ECONOMIC AND
DEVELOPMENT AUTHORITY**

**DEPARTMENT OF NATIONAL
DEFENSE**

DEPARTMENT OF EDUCATION

DEPARTMENT OF HEALTH

**DEPARTMENT OF INTERIOR AND
LOCAL GOVERNMENT**

DEPARTMENT OF ENERGY

GOVERNMENT PROCUREMENT POLICY BOARD

RESOLUTION NO. 04-2005

**DEPARTMENT OF PUBLIC WORKS
AND HIGHWAYS**

DEPARTMENT OF FINANCE

**DEPARTMENT OF TRADE AND
INDUSTRY**

**DEPARTMENT OF SCIENCE AND
TECHNOLOGY**

**DEPARTMENT OF TRANSPORTATION
AND COMMUNICATIONS**

PRIVATE SECTOR REPRESENTATIVE

Attested by:

JOSE MARTIN C. SYQUIA
Board Secretary, GPPB
Executive Director, GPPB-TSO