

Republika ng Pilipinas  
PAMBANSANG PANGASIWAAN NG PATUBIG  
(National Irrigation Administration)  
Lungsod ng Quezon

MC # 44-G, 1985

MEMORANDUM CIRCULAR

TO : ASSISTANT ADMINISTRATORS; DEPARTMENT HEADS CONCERNED;  
REGIONAL IRRIGATION DIRECTORS; OPERATION AND PROJECT  
MANAGERS; AND ALL OTHERS CONCERNED  
NATIONAL IRRIGATION ADMINISTRATION

SUBJECT : AMENDMENT TO MC # 44 S. 1979 - PROCUREMENT GUIDELINES  
FOR CIVIL WORK LOCAL MINOR CONTRACTS

For the information and guidance of all concerned in the implementation of civil works thru local minor contract, hereunder are the amendments to the above-captioned circular:

a) Section A, AUTHORIZATION, is hereby changed to read as follows:

The Regional Irrigation Director or Project Manager concerned shall request authorization from the Administrator to conduct bidding for Local Minor Contracts (LMC). The request shall be submitted to Central Office together with the following documents:

1. Certificate of Availability of Funds by the Regional Accountant/Project Accountant concerned.
2. Project layout indicating the areas and/or structures proposed to be covered by LMC, via-a-vis, total project work packaging.
3. Bill of quantities and total estimated cost for the proposed LMC packages.
4. Certification that the proposed work to be covered by LMC is included in the approved Program of Work for the current year.
5. Justification that the proposed work cannot be done by the project-owned equipment and the available manpower resources.

6. Detailed estimates of the unit cost of each pay items of work.
7. Construction schedule of the proposed LMCs.
8. Draft of proposed Bid Documents.

Following the authority which will be granted by the Administrator on a case to case basis, the Regional Irrigation Director or Project Manager concerned shall advertise and undertake the prequalification of bidders for each contract, which in any case, shall not exceed P750,000 per LMC, conduct the opening and evaluation of bids and submit resolution of award for approval by the Assistant Administrator concerned. After approval of the Resolution of Award, the Notice of Award shall then be issued. Subsequently thereafter, a contract, after the necessary Performance Bond has been posted, will be entered into between the Regional Director/Project Manager and the winning bidder and submitted to the Assistant Administrator concerned for approval. Notarization of the contract shall be made after said contract has been approved.

- b) Section C, PREQUALIFICATION OF BIDDERS, is modified in its entirety and replaced as follows:

C. PRE/POST QUALIFICATION OF BIDDERS:

Only those contractors included in the updated NIA Registry of Contractors and classified as "Small A Contractors" to the corresponding types of contract works are eligible to participate in the pre-bidding for LMC. However, under justifiable circumstances, other contractors higher in rank maybe allowed to participate, as in cases where the Contractor is already engaged in any civil works contract within or adjacent to the project area or when the expertise/equipment required for the works in the LMC are not clearly within the capability of the interested contractor in that class.

The following documents shall be required from interested NIA LMC Contractors:

- 1.0 Pre-G-1 - Contractor's Confidential Prequalification Statement shall be required only once a year and shall be comprised of the following:
  - 1.1 Certified xerox copy of Contractor's License for the current year.
  - 1.2 Certified xerox copy of Privilege Tax Receipt (PTR) for the current year.

- 1.3 Description of the organization including its objectives and the names, nationalities and construction experiences of Key officials/engineers.
- 1.4 Detailed financial statements (Balance Sheets Profit and Loss Statements) for at least the current year, or for a longer period depending on the size or complexity of the Project at the discretion of the Regional/Project Office as reflected in his Income Tax Return duly filed with and received by the BIR.
- 1.5 List of equipment owned.
- 1.6 Experience record of the construction firm.
- 1.7 Articles of partnership or incorporation.
- 2.0 Post C-2 shall be required for LMC in which the Contractor intends to bid. It shall be submitted together with the bid at the date, time and place prescribed in published Invitation to Bid.

The following papers shall, among others, comprise Post C-2. The Regional/Project Office concerned shall have the discretion to specify whether any of the documents listed below shall form part of the Pre-C-1, subject to revision in the event that the Contractor's situation has materially changed at the time of submittal of the Post C-2.

- 2.1 Statement of completed construction projects for the last three years, government and private. The Statement shall include the nature and value of the project, original and actual project schedule, the location of the project, the name and address of the owner, the financial institutions from whom guarantees, credit lines, loans and other financial accommodations were secured for such projects, and the aggregate outstanding from each institution in each year.
- 2.2 Detailed statement showing a list of all on-going construction projects, government and private, as well as awarded and/or approved contracts not yet started. This statement shall include the value of the project, percentage of time elapsed,

percentage of physical accomplishment and scheduled dates of completion.

- 2.3 Actual employment or contract to employ duly qualified project manager and project engineer who have managed or supervised at least a project of similar nature as to type and cost.
- 2.4 An organization chart and a complete qualification and experience data sheet of key personnel.
- 2.5 List of owned equipment and those pledged exclusively for the project.

All qualification documents shall be under oath signifying their correctness and authenticity. These shall be accompanied by a letter authorizing the National Irrigation Administration Administrator or his authorized representative to verify any or all of the documents submitted.

### 3.0 PROCESSING OF PREQUALIFICATION STATEMENT (PRE C-1)

The Regional/Project Committee on Prequalifications, Bids and Awards (PBAC) shall examine and process the Pre-C-1, including the attached supporting papers, to determine compliance with the legal, financial, equipment, technical, experience and organization requirements. If all requirements have been met, the PBAC shall register the prospective bidder in the Roll of prequalified contractors for the current year.

The Regional/Project PBAC shall determine whether the prospective bidder may be prequalified or disqualified to participate in the bidding for specific IMC. For this purpose, the Committee shall be required to undertake the following:

- 3.1 Each year, classify all contractors who have submitted Pre C-1 statements. The classification shall be made by matching the contractors with the types or categories of project (e.g., roads, irrigation, flood control, buildings, etc.), considering their magnitude, complexity, cost, and construction time, on one hand, and the experience, or track record, financial resources, equipment capability, organization and technical personnel, on the other.

- 3.2 Examine and evaluate the Pre C-1, together with all the supporting papers, to determine whether all requirements, (legal, financial, equipment, technical, experiences, and organization) are duly complied with. The track record, including work performance and financial capability of the contractor for the last three years, shall be scrutinized, and actual verification shall be made when there is doubt in authenticity of any item in his prequalification statements.
- 3.3 Examine carefully the organization and the equipment capability of the prospective bidder.
- 3.4 Check the financial contracting capacity (FCG) of the prospective bidder. The FCG shall be his present net worth as shown in his balance sheet and reflected in his latest Income Tax Return (duly filed with and received by the BIR) times twelve (12).
- 3.5 Check whether the applicant is presently suspended or blacklisted. If the applicant is blacklisted or suspended, the same shall be a ground for predisqualification. When the applicant is a new contracting firm, the names of the incorporators shall be checked against the list of suspended or blacklisted contractors. If the controlling stockholder(s) are found as such, the applicant firms shall be disqualified.

#### 4.0 PROCESSING OF POST QUALIFICATION STATEMENTS (POST C-2):

As a precondition to award, a bidder's qualification to undertake the subject contract must be confirmed based on his Postqualification Statements (Post C-2) as evaluated by the PBAC. The PBAC may limit the evaluation of the Post C-2 statements to the three lowest complying bidders only.

Notwithstanding the prequalification and/or postqualification of a contractor, the NIA reserves the right to review his prequalification and postqualification statements and other relevant information before the approval of the contract. Should such review uncover any misrepresentation made in the qualification statements, or any change in the situation of the contractor to downgrade the substance of his qualification statements, the NIA shall disqualify him from submitting a bid and from

obtaining any award or contract.

In the evaluation of the Post C-2 statements, the PBAC shall review, among other things, the technical capability of the contractor to carry out the subject contract as gauged by the extent and quality of its relevant experience, performance and track record, the suitability of its available construction equipment, and the adequacy of its proposed project organization and personnel. Up to date information on these aspects shall be considered.

The PBAC shall also evaluate the net financial contracting capacity (NFCC) of the contractor to carry out the subject contract, taking into account his present net worth and resources committed to other projects. Again, up-to-date information on these aspects shall be considered.

The NFCC of the bidder shall be his present net worth as shown in his balance sheet and reflected in his latest Income Tax Return (duly filed and received by the BIR) times twelve (12), minus the value of the unfinished portions of all his on-going and awarded but not started construction projects, government and private, coinciding with the subject contract. Only the portion of the prospective bidder's assets, liabilities and other accounts allowable to his construction business shall be considered in the evaluation.

The PBAC shall also check the bidder's performance in his on-going government and private projects. If there is a reported negative slippage of more than 10%, unsatisfactory quality of work and/or performance of his obligations under his contracts in any of these projects, the PBAC shall verify the cause(s) of such reported slippage, unsatisfactory quality of work and/or performance of said obligation and if these are found due to his fault or negligence, the bidder shall be disqualified from the subject contract.

- c) Paragraph a) General and b) Prompt Notification to the Assistant Administrator for Project Development and Implementation of Usual Evaluation Problem of Item 5, Evaluation and Comparison of Bids, under Section D, Bid Opening, Evaluation and Award of Contract, is hereby changed to read as follows:

a) Evaluation of Bids

A bid which does not comply with the conditions or requirements of the bid documents shall be rejected by the PBAC giving the particular reason or reasons for its rejection.

In the evaluation of bids received, consideration of minor deviations in the bids received which does not affect the substance and validity of the bids will be reserved.

At the time of opening of bids, there shall be at least two (2) competing bidders. In case there is only one bidder, the bid shall be returned unopened and the project shall be advertised anew for re-bidding. Should after rebidding, there is still only one bidder, the project may be undertaken by administration or thru negotiated contract.

b) Acceptance of Winning Bid and Conditions of Award

1. The lowest evaluated bid shall be accepted if found to comply with all conditions in the call for bids and tender documents, and satisfactorily meets the Post C-2 requirements.
2. The three lowest complying bidders shall not be allowed to withdraw their bids.
3. No award of contract shall be made to a bidder whose bid price is more than the Approved Agency Estimate (AAE), the total amount of which shall be announced with the Invitation for Bids or in a Supplemental Notice issued at sufficient time prior to the bidding.
4. In the event of refusal and inability or failure of the lowest complying bidder to make good his bid by entering into contract and to post his performance bond within the time provided thereof, the second lowest complying bidder shall be considered, provided he reduces his bid to the level of the lowest bidder, or his bid is lower than the sum of the price of lowest complying bidder plus the amount of the forfeited bid bond, or he reduces his bid to the sum. This rule shall likewise apply to the third lowest complying bidder in case second lowest complying bidder shall refuse to accept the award.
5. Bidders who refuses to honor their bids for no valid reason shall be blacklisted and their bid security confiscated in favor of NIA.
6. The winning bidder considered for the award shall be required to submit the final cash flow, PERT/CPM, certificate of ownership or a duly executed contract(s) of lease of all equipment and machineries which he intends to use exclusively for the projects as indicated in his qualifications statements, as well as the required cash deposit or working capital.

To guarantee the faithful performance of the contractor under the contract, he shall be required to post a bond equivalent to five percent (5%) of the contract price in the form of cash, manager's check, cashier's check, letter of credit issued by a reputable bank or surety bond issued by the Government Service Insurance System.

- d) The following sections and provisions are to be included after Section D.

E. TECHNICAL SPECIFICATIONS:

Technical specifications for the items of work under LMC shall follow the NIA Standard Specifications for similar items of work in regular domestic bidding.

F. PROGRESS BILLING:

Progress payments for LMC shall normally be paid at the regional/project office concerned.

G. PRICE ESCALATION CLAUSE:

No price escalation shall be provided to all local minor contracts (LMC). Only under abnormal conditions, whereby price of fuel and construction materials drastically change of price increases/decreases does not follow a gradual pattern or trend within the contract duration, shall price escalation be granted subject to the prior approval by the Administrator.

H. PROGRESS REPORT:

The Regional Director or Project Manager concerned shall include in their project monthly progress reports, a report, in the form prescribed on the status of all LMC for monitoring and evaluation purposes.

Please be guided accordingly.

(SGD). CESAR L. TECH  
Administrator

SPG/JBO/zba

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