



# NATIONAL ELECTRIFICATION ADMINISTRATION

"The 1<sup>st</sup> Performance Governance System-Institutionalized National Government Agency"  
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## TECHNICAL ADVISORY NO. 4 Series of 2023

**TO : ALL ELECTRIC COOPERATIVES**

**SUBJECT : IMPLEMENTATION OF THE REPUBLIC ACT (RA) NO. 9184  
AND ITS' REVISED IMPLEMENTING RULES AND  
REGULATIONS (RIRR) FOR CY 2022 AUDITED ELECTRIC  
COOPERATIVES' (ECS) SUBSIDY FUNDED PROJECTS**

This is to reiterate the following Memorandum and Advisory on the Procurement Activities for Subsidy Funded Projects, namely:

- NEA Memorandum 2017-037 dated December 8, 2017 – Compliance to Memorandum of Agreement, Revised IRR – RA 9184 and NEA Guidelines and Policies Re: Subsidy Funds for Sitio Electrification Projects
- NEA Memorandum 2018-032 dated May 9, 2018 – Procurement Activities for Subsidy Funded Projects
- NEA Advisory dated May 9, 2018 – Procurement Activities for Subsidy Funded Projects
- NEA Advisory dated June 1, 2020 – Implementation of Republic Act (R.A.) 9184 on Subsidy Funded Projects

Recently, the Commission on Audit (COA) issued its Audit Observation Memorandum (AOM) No. 2022-047 (2012-2022) on the procurement processes, documentary requirements in the conduct of bidding by the Bids and Awards Committee (BAC) of ECs, number of contracts for projects implemented by ECs and projects undertaken by contract on the Implementation of the Sitio Electrification Program (SEP).

In this regard, all ECs are enjoined to strictly adhere with the following recommendations on the procurement procedures specified in the RA 9184 and its RIRR:

- Comply with the provisions of the RIRR of R.A. No. 9184, specifically the completion of the bidding documents;
- Require the bidders-contractors to post Bid Security of at least two percent and/or five percent of ABC depending on the form of bid security prescribed in Section 27.2 of the RIRR of R.A. No. 9184;

- Instruct the BAC to declare "failure of bidding" if none of the bid proposals meet the bid requirements pursuant to Section 31.1 of the RIRR of R.A. No. 9184;
- Direct the BAC to Award the contracts only to bidders who have an LCRB;
- Use contracts instead of POs, for their procurement needs in line with Section 37.2.2 of the RIRR of R.A. No. 9184 and ensure that all parties involved properly sign these contracts to protect government funds from the risk of non-compliance and unsatisfactory delivery from contractors;
- Align the contractual covenants/obligations made with the contractors of NEA-subsidized projects undertaken by contract in accordance with R.A. No. 9184 and its RIRR; and
- Instruct the BAC to limit the payment of mobilization fees to their contractor at 15% contract price pursuant to paragraph 4.1, Annex "E" of the RIRR of R.A. No. 9184.

For your strict compliance.



**ERNESTO O. SILVANO, JR.**

Deputy Administrator for Technical Services