



## ADVISORY

**DATE :** June 1, 2020

**TO :** ALL ELECTRIC COOPERATIVES

**SUBJECT :** IMPELEMENTATION OF REPUBLIC ACT (RA) NO. 9184 ON  
SUBSIDY FUNDED PROJECTS

After evaluation of the Commission on Audit (COA) on the implementation of Republic Act (RA) No. 9184 on Subsidy Funded Projects of the Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP) of various Electric Cooperatives (ECs), the following were their observations:

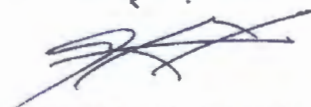
1. Procurement procedures conducted by some electric cooperatives' (ECs) Bids and Awards Committee (BAC) for subsidy funded projects under the Sitio Electrification Program (SEP) and Barangay Line Enhancement Program (BLEP) were not in accordance with Republic Act (RA) No. 9184 and its Revised Implementing Rules and Regulations (RIRR), Section 3 of the Memorandum of Agreement (MOA) between the NEA and ECs, and NEA Memorandum Nos. 2013-028 and 2017-019.

ECs are enjoined to comply with the following recommendations on the procurement procedures specified in the RA 9184:

- Limit the mobilization fee payment to Contractors at 15 percent of the contract price.
- Ensure that all contracts awarded are supported with adequate performance security as required in Sections 39.1 and 39.2 of the RIRR of RA No. 9184.
- Compel bidders to submit a Bid Securing Declaration or any form of Bid Security as provided under Section 27.2 of the RIRR of RA 9184.
- Require that all contracts awarded are within the ABC.
- Ensure that Bid Documents submitted are supported with computation of Net Financial Contracting Capacity (NFCC).
- Comply with the provisions of the RIRR of RA No. 9184 specifically the implementation of subsidy funded project through "Pakyaw System."
- Invite observers to witness the conduct of public bidding to enhance transparency in conformity with Section 13 of the RIRR of RA No. 9184 and Sections O and P of NEA Memorandum Nos. 2013-028 and 2017-019, respectively.
- Post the Invitation to Bid in EC's website and all the municipalities of all its franchise area coverage in compliance with Section 21.2 of the RIRR of RA 9184 and Section A.2 of NEA Memorandum No. 2017-019.
- Prepare the Bid Documents in accordance with Section 17.1 of the RIRR of RA No. 9184.

- Require the bidders to submit simultaneously its bid proposal containing the first and second envelopes on or before the deadline for submission and receipt of bids in conformity with Sections 25.1, 25.4 and 25.5 of the RIRR of RA No. 9184.
- Synchronize the opening of bids with the deadline for submission and receipt of bids in adherence to Section 29 of the RIRR of RA No. 9184.
- Prepare a contract instead of a purchase order in the procurement of subsidy funded projects pursuant to Section 27.2.1 of the RIRR of RA No. 9184 to protect the interest of the recipient EC and ensure compliance by the winning bidder to all provisions, thereto.
- Instruct the BAC to issue a Resolution recommending the award with the LCRB to the HoPE or his duly authorized representative as the basis for approval pursuant to Section 37.1.1 of the RIRR of RA No. 9184.
- Issue the Notice to Proceed to the winning bidder only after posting of the performance security and contract signing as required in Sections 37.2 and 37.4 of the RIRR of RA No. 9184.
- Adhere to the prescribed timeline on signing/awarding of the contract and issuance of the Notice to Proceed to expedite the timely completion of the projects.
- Exercise prudence in accepting documents from the contractor/winning bidders to fully comply with all the documentary requirements on the procurement as prescribed in the RIRR of RA No. 9184 and NEA Memorandum Nos. 2013-028 and 2017-019.

For your compliance.



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