



REPUBLIC OF THE PHILIPPINES

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

ADVISORY

TO : All Heads of Departments, Bureaus, Offices, Agencies and Instrumentalities of the National Government, Heads of Local Government Units, Managing Heads of Government-Owned and/or -Controlled Corporations and their Subsidiaries, Government Financial Institutions, State Universities and Colleges, and All Others Concerned

SUBJECT : **Submission of Documentary Requirements for Contract Price Escalation Requests to the National Economic and Development Authority (NEDA)**

DATE : 21 May 2019

I. RATIONALE

1. Section 61 (Contract Prices) of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184¹, otherwise known as the “Government Procurement Reform Act” (GPRA), stipulates that for the given scope of work in the contract as awarded, all bid prices shall be considered as fixed prices, and therefore not subject to price adjustment and escalation during contract implementation, except under “extraordinary circumstances” and upon prior approval of the Government Procurement Policy Board (GPPB), or when a Treaty or International or Executive Agreement expressly allows it.
2. The Contract Price Escalation Guidelines, appended as Appendix 15 the 2016 Revised IRR of RA 9184, govern requests for price escalation during implementation of contracts for the procurement of goods and infrastructure projects under “extraordinary circumstances” pursuant to and in accordance with Section 61 of RA 9184 and its IRR. No contract price escalation for consulting services shall be allowed.

II. REVIEW PROCESS

3. Under Section 5.2 (Two-Stage Review Process) of the Contract Price Escalation Guidelines, review process shall commence only after the NEDA has acknowledged the completeness of the request. This includes the Head of Procuring Entity’s endorsement of price escalation requests/claims and submission of copies of supporting legal and technical documents to prove occurrence of “extraordinary circumstances” within the prescribed period². A request for price escalation shall only be granted if it satisfies both the First and Second Stage reviews.

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¹ RA 9184, entitled “An Act Providing for Modernization, Standardization and Regulation of the Procurement Activities of the Government for other Purposes,” signed into law on 10 January 2003, and took effect on 26 January 2003. | <https://www.gppb.gov.ph/laws/laws/RA_9184.pdf>

² Section 5.4 (Period and Frequency of Request for Price Escalation) of the Contract Price Escalation Guidelines.

III. DOCUMENTARY REQUIREMENTS

4. To implement a systematic and effective review process of price escalation requests/claims with a view of generating timely and relevant results, submission of price escalation requests/claims and their supporting documents shall be guided by the specific documentary requirements outlined in the attached checklist.

For guidance.



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