



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.

NEDA-IS/ 21 MAY 2019

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>

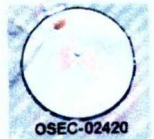
² Section 5.4 (Period and Frequency of Request for Price Escalation) of the Contract Price Escalation Guidelines.

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.

ERNESTO M. PERNIA
Socioeconomic Planning Secretary





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CHECKLIST FOR PRICE ESCALATION REQUESTS

PROJECT NAME:			
PROCURING ENTITY:		CONTRACTOR/SUPPLIER:	
ORIGINAL PROJECT COST:		PROPOSED ESCALATED PRICE:	
DATE OF BID OPENING:		LEGAL BASIS (Refer to Section 4.0 of Guidelines¹ on details):	
DATE OF CONTRACT EFFECTIVITY:		<input type="checkbox"/> Article 1174 Specify: _____	
DATE OF ACTUAL PROJECT COMPLETION (if completed):		<input type="checkbox"/> Article 1250 Specify: _____	
		<input type="checkbox"/> Article 1680 Specify: _____	

DOCUMENTARY REQUIREMENTS:

Pursuant to Section 5.1 (Endorsement) of the Revised Prices Escalation Guidelines, the Head of the Procuring Entity (HOPE) shall endorse the request for price escalation to NEDA accompanied by the following documentary requirements:		
Item	✓	Remarks
Certification from HOPE stating that the request for price escalation is justified in accordance with RA 9184, its IRR and the Guidelines ¹		
Description of the nature of the requested Price Escalation (legal and technical parameters) <ul style="list-style-type: none"> Technical requirements to include information/data in accordance with Section 5.2.2 of the Guidelines¹ (2-Standard Deviation or Ten Percent Increase) 		
Certified copy of the Original Contract (signed and notarized) including Original Scope of Work and Original Contract Price		
Original Cost Estimates including a summary of computation of the proposed escalated prices in accordance with Sections 5.2.2 or 5.3 of the Price Escalation Guidelines		
Schedule of Contract Implementation (original and revised, as applicable)		
Original request for price escalation submitted by the contractor/supplier		
Data on Price Indices (e.g., CMWPI, CPI, WPI, PPI) including: <ul style="list-style-type: none"> Thirty-month historical data reckoned from the date of bid opening' Source of data (e.g., PSA); and, Detailed computation (e.g., Computation on the proposed escalated price under Section 5.3 and Computation for the "K" factors under Section 5.2.4). 		
Other information/documents but not limited to: <ul style="list-style-type: none"> Document providing the date of Bid Opening, e.g., Invitation to Apply for Eligibility and to Bid (IAEB); LGU/Sanggunian Resolution declaring the area under a State of Calamity/Imminent Danger, as applicable; Official declaration of extraordinary inflation/deflation from the BSP, as applicable; Notice of Award (NOA) with the Contractor's <i>Conforme</i>; Notice to Proceed (NTP) with the Contractor's <i>Conforme</i>; Contractor's Request for Time Extension, as applicable; Proof of documentation issued by the Procuring Entity allowing/granting time extension; PERT/CPM Network Diagram, as necessary; Performance Security; and, Certificate of Project Completion/Acceptance. 		

(Signature over Printed Name)
Project Manager/Officer

Date

¹ Revised Price Escalation Guidelines