



GCG MEMORANDUM CIRCULAR NO. 2013 – 03 (RE-ISSUED)

SUBJECT : COORDINATION AND ALIGNMENT OF MAJOR DEVELOPMENT PROJECTS OF THE GOCC SECTOR

DATE : 21 FEBRUARY 2014

1. **BACKGROUND AND PURPOSE.** – Executive Order (E.O.) No. 43, s. 2011, organized the Cabinet into five (5) clusters to serve as the primary mechanism of the Executive Department for directing all efforts towards the realization of the Social Contract with the Filipino People and its 5 Key Result Areas.

The Governance Commission has been formally integrated into the Economic Development Cluster (EDC) pursuant to its mandate under Section 2 of the “GOCC Governance Act of 2011” (R.A. No. 10149), which, among others, gears it towards the Key Result Area of promoting “rapid, inclusive, and sustained economic growth”.

This Circular has thus been issued to:

- (a) Balance the principle of operational autonomy in the GOCC Sector with the need for inter-agency coordination towards paving the way for the convergence of the GOCC Sector and the National Government in pursuing inclusive and sustainable economic growth and development;
 - (b) Clarify in operational terms the interfacing of R.A. No. 10149 with the “Public-Private Partnership (PPP) Law” (R.A. No. 7718), which requires every GOCC, whether Chartered or Nonchartered, to submit for approval their PPP Projects to the Investments Coordination Committee (ICC) of the National Economic Development Authority (NEDA) and/or the NEDA Board, regardless of whether such projects are part of a GOCC’s list of priority projects or corporate plans; and
 - (c) Address policy gaps wherein Major Development Projects or Major Contracts may be ancillary to the primary purpose of a GOCC and yet are not required under existing laws to go through any competitive or regulatory process, such as but not limited to, leasing out government property to a private sector entity under Executive Order No. 301, s. 1987.
2. **DECLARATION OF POLICIES.** – All GOCCs shall plan and execute their respective Major Development Projects pursuant to the following policies:
 - (a) Unsolicited proposals are not favored, and preference for public bidding and/or solicited projects shall be the general rule, pursuant to R.A. No. 7718, as well as the “Government Procurement Reform Act” (R.A. No. 9184); and

- (b) Clear alignment with both the GOCC's mandate and the economic agenda of the National Government (NG).¹

3. CONTINUATION OF EXISTING SYSTEMS. – The following Major Development Projects of GOCCs shall continue to fall under the review and decision making process of NEDA, NEDA ICC and/or the NEDA Board pursuant to existing laws, rules and regulations, including any amendments and changes therein in the future, thus:

- (a) PPPs under R.A. No. 7718;
- (b) Non-PPP Projects that cost at least ₱500 million and meet any of the following criteria:
- (i) Have to be financed by an NG-guaranteed loan;² or
 - (ii) Will be procured pursuant to the alternative modes of procurement under R.A. No. 9184; or
- (c) Contractual Joint Ventures that cost at least ₱150 million;
- (d) Reclamation Projects regulated under Executive Order No. 146, s. 2013;
- (e) Transactions that would result in the creation or conversion of a private company into a GOCC or subsidiary, which require the prior approval of the President of the Philippines pursuant to R.A. No. 10149; and
- (f) All other projects which otherwise fall within the jurisdiction of NEDA, NEDA ICC and/or the NEDA Board.

Nonetheless, every GOCC covered by R.A. No. 10149 shall inform the Governance Commission of such Projects at the soonest practicable time, which the Governance Commission will present to Economic Development Cluster (EDC) for coordination.

4. PARTICULAR COVERAGE OF THE CIRCULAR. – GOCCs shall submit to the GCG, for coordination with the EDC, all other Major Development Projects that do not fall within Section 3 above, and which shall require approval by the President of the Philippines upon the endorsement of the Economic Development Cluster (EDC) before the implementation or execution of any public bidding or procurement process, thus:

- (a) Cost the GOCC at least ₱500 million,³ regardless of the manner of financing;
- (b) Require the creation of Joint Venture Companies/Affiliates,⁴ regardless of cost involved or the manner of financing; or

¹ The projects should also be drawn from, or at least aligned with, the *Philippine Development Plan 2011-2016*, other sector-specific development plans currently in use and/or other ongoing programs of the National Government.

² This covers all Major Development Projects, whether implemented under R.A. No. 7718 or R.A. No. 9184 or any other framework.

³ Nonetheless, if the Project is a vital component of a GOCC's strategy, the GOCC should accomplish a Project Profile and submit it together with the other PES Components under GCG MC No. 2013-02. Contractual Joint Ventures that cost less than P150 million can be approved by the GOCC Governing Board [See Paragraph 7.2(c) of Draft NEDA JV Guidelines (as of 27 February 2013)].

⁴ Contractual Joint Ventures or those that do not involve the creation of any GOCC or Related Corporation (see R.A. No. 10149) shall continue to be governed by the NEDA ICC Process.