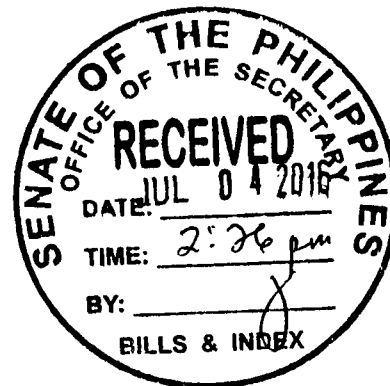


SEVENTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



SENATE
S.B. No. 350

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

**AN ACT
ESTABLISHING THE PHILIPPINE SOCIAL VALUE ACT**

EXPLANATORY NOTE

A common practice in government procurement, guided by Philippine procurement laws, is to consider price as the major criterion for awarding government purchases and contracts. However, given the current social climate, there is now a need to consider other factors that enable a product or service to deliver adequate or even added value to both the purchaser and to the community at large.

Thus, we wish to introduce the concept of "social value" as an additional criterion governing Philippine government procurement.

"Social value," as we define it in this measure, "refers to the additional benefit to society of procuring a good or service, over and above the direct benefit and value of the good or service to the procuring entity. Additional benefits may include support for poor communities or marginalized groups, advancement of human rights and social justice, protection of the environment, and community development."

At the root of this concept is the recognition that government funds should be allocated to products, services, and programs that offer the greatest good, at the best value. Therefore, when evaluating suppliers for government purchases, contracts, and projects, purchasers must look beyond price and also consider such factors as quality, production practices, and even the impact that these practices have on a larger community.

Legislature is thus urged to pass this proposed "Social Value Act". By redefining the concept of "social value" and "value for money," we can enable the

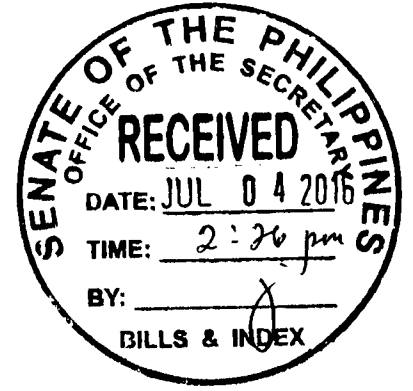
State to maximize benefits for society and also drive up service quality and inclusive
e growth.

In view of the foregoing, immediate approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read "Bam Aquino". The signature is written in a cursive, flowing style.

Senator Paolo Benigno "Bam" A. Aquino IV

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION. 1. Title.** – This Act shall be also known as the "Social Value Act."

2 **SEC. 2. Declaration of Policy.** - The State shall declare its commitment to
3 promote social responsibility and accountability in the use of public funds. It shall
4 recognize the importance of utilizing government resources not only efficiently
5 but also effectively to derive the greatest collective benefit to the community.
6 This Act aims to integrate social value in the public procurement process as a key
7 strategy to addressing social inequities and promoting national development.

8 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following terms
9 shall mean:

10 a) *Social Value* - the additional benefit to society of procuring a good or
11 service, over and above the direct benefit and value of the good or
12 service to the procuring entity. Additional benefits may include support
13 for poor communities or marginalized groups, advancement of human
14 rights and social justice, protection of the environment, and community
15 development.

16 b) *Competitive Bidding* - a method of procurement which is open to
17 participation by any interested party and which consist of the
18 following processes: advertisement, pre-bid conference, eligibility
19 screening of bids, evaluations of bids, post - qualification, and award of
20 contract, the specific requirements and mechanics of which shall be

1 defined in the IRR to be promulgated under this Act.

- 2 c) *Procurement* - the acquisition of Goods, Consulting Services, and the
3 contracting for infrastructure projects by the Procuring Entity.
- 4 d) *Procuring Entity* - any branch, department, office, agency, or
5 instrumentality of the government, including state universities and
6 colleges, government-owned and/or – controlled corporations,
7 government financial institutions, and local government units
8 procuring Goods, Consulting Services and Infrastructure Projects.
- 9 e) *Bids and Awards Committee* - the committee established by each
10 Procuring Entity to undertake the procurement process including
11 advertising and/or posting the invitation to bid, conducting pre-
12 procurement and pre-bid conferences, determining the eligibility of
13 prospective bidders, receiving bids, conducting the evaluation of bids,
14 undertaking post-qualification proceedings, and recommending award of
15 contracts to the Head of the Procuring Entity.
- 16 f) *Government Procurement Policy Board*. - the Board established to: (a)
17 protect national interest in all matters affecting public Procurement,
18 having due regard to the country's regional and international obligations;
19 (b) formulate and amend, whenever necessary, the IRR and the
20 corresponding standard forms for Procurement; (c) ensure that
21 Procuring Entities regularly conduct Procurement training programs and
22 prepare a Procurement operations manual for all offices and agencies of
23 government; and (d) conduct an annual review of the effectiveness of
24 this Act and recommend any amendments thereto, as may be necessary.

25 **SEC. 4. Public Procurement for Social Value.**

- 26 a) The government shall include social value in the competitive bidding
27 criteria and requirements for the public procurement of goods, services
28 and projects.
- 29 b) The Government Procurement Policy Board (GPPB) shall set the
30 standards and guidelines to be followed by procuring entities and the
31 Bids and Awards Committee for measuring and assessing social value
32 alongside the technical and financial components of each bid.
- 33 c) Procuring entities shall include social value in their annual

1 procurement planning and budgeting considerations, and to identify
2 social requirements in their bidding specifications according to
3 guidelines provided by the GPPB.

4 d) The Bids and Awards Committee (BAC) shall be responsible for
5 undertaking the procurement process and ensuring that the Procuring
6 Entity abides by the standards set forth by the GPPB in fulfillment of
7 this Act.

8 **SEC. 5. *Implementing Rules and Regulations.*** – Within sixty (60) days from
9 the effectivity of this Act, the Government Procurement Policy Board (GPPB) shall
10 promulgate the necessary rules and regulations for the implementation of this Act.

11 **SEC. 6. *Separability Clause.*** - Should any provision herein be declared
12 unconstitutional, the same shall not affect the validity of the other provisions of this
13 Act.

14 **SEC. 7. *Repealing Clause.*** - All laws, decrees, orders, rules, and regulations or
15 other issuances or parts inconsistent with the provisions of this Act are hereby
16 repealed or modified accordingly.

17 **SEC. 8. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
18 publication in the Official Gazette or two (2) newspapers of general circulation in the
19 Philippines.

20 *Approved,*