



RESOLUTION NO. 04-2017

APPROVING THE ISSUANCE OF A CIRCULAR CLARIFYING THE PROVISIONS ON DIRECT FINANCIAL AND MATERIAL ASSISTANCE

WHEREAS, Republic Act (RA) No. 9184 entitled “An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes,” took effect on 26 January 2003, while its 2016 Revised Implementing Rules and Regulations (IRR) took effect on 28 October 2016;

WHEREAS, Section 63 of RA 9184 and its 2016 Revised IRR authorizes the Government Procurement Policy Board (GPPB) to formulate public procurement policies, rules and regulations, and amend, whenever necessary, its IRR;

WHEREAS, under Section 4.5(a) of the 2016 Revised IRR of RA 9184, “direct financial or material assistance given to beneficiaries in accordance with the existing laws, rules and regulations, and subject to the guidelines of the concerned agency” is not considered procurement activity under RA 9184 and its IRR;

WHEREAS, during lectures, walk-in queries and phone queries, the GPPB-TSO received a lot of requests for interpretation or clarification on the provision of Section 4.5(a) of the 2016 Revised IRR of RA 9184;

WHEREAS, during the 1st Inter-Agency Technical Working Group (IATWG) Meeting on 13 January 2017, the GPPB-TSO proposed to the IATWG to recommend to the GPPB the issuance of a Circular clarifying the provision on direct financial and material assistance to prevent confusion among procurement practitioners and abuse by procuring entities;

WHEREAS, the IATWG, after due consideration, agreed to adopt the proposal of the GPPB-TSO, subject to the following comments and suggestions, thus:

1. Expound further the term “direct financial and material assistance”;
2. Clarify that the term “material assistance” includes coupon, guaranty letter or voucher given as a form of assistance; and
3. Explain that Section 4.5(a) of the 2016 Revised IRR of RA 9184 contemplates forms of assistance that are not being procured by government agencies, such that, if the direct material assistance is something to be procured (*e.g.*, relief goods), it is not covered by said Section 4.5(a), but is subject to procurement rules and regulations.

WHEREAS, during its 1st Regular Meeting on 9 February 2017, the GPPB, after due deliberation and careful review, approved the issuance of a Circular clarifying the provision on direct financial and material assistance under Section 4.5(a) of the 2016 Revised IRR of RA 9184;

NOW, THEREFORE, for and in consideration of the foregoing, **WE**, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on **US** by law, hereby **RESOLVE** to confirm, adopt and approve, as **WE** hereby confirm, adopt and approve the issuance of a Circular, copy of which is attached as **Annex “A”**, clarifying the provision on direct financial and material assistance under Section 4.5(a) of the 2016 Revised IRR of RA 9184.

This Resolution shall take effect immediately.

APPROVED this 9th day of February 2017 at Pasig City, Philippines.

(SGD)

**DEPARTMENT OF BUDGET AND
MANAGEMENT**

**NATIONAL ECONOMIC AND
DEVELOPMENT AUTHORITY**

(SGD)

DEPARTMENT OF EDUCATION

(SGD)

DEPARTMENT OF ENERGY

DEPARTMENT OF FINANCE

DEPARTMENT OF HEALTH

(SGD)

**DEPARTMENT OF INFORMATION AND
COMMUNICATIONS TECHNOLOGY**

**DEPARTMENT OF THE INTERIOR
AND LOCAL GOVERNMENT**

(SGD)

**DEPARTMENT OF NATIONAL
DEFENSE**

(SGD)

**DEPARTMENT OF PUBLIC WORKS
AND HIGHWAYS**

(SGD)

**DEPARTMENT OF SCIENCE AND
TECHNOLOGY**

(SGD)

**DEPARTMENT OF TRADE AND
INDUSTRY**

(SGD)

DEPARTMENT OF TRANSPORTATION

PRIVATE SECTOR REPRESENTATIVE

CIRCULAR 01-2017

9 February 2017

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government, including State Universities and Colleges, Government Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units

SUBJECT : Clarification of the Term “Direct Financial and Material Assistance”

1.0 Purpose

This Circular is being issued to clarify the term “direct financial and material assistance” under Section 4.5(a) of the 2016 Revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

2.0 Coverage

All Departments, Bureaus, Offices and Agencies of the National Government, including State Universities and Colleges, Government-Owned and/or Controlled Corporations, Government Financial Institutions, and Local Government Units.

3.0 Direct Financial and Material Assistance

3.1 Under Section 4.5(a) of the 2016 Revised IRR of RA 9184, “direct financial or material assistance given to beneficiaries in accordance with the existing laws, rules and regulations, and subject to the guidelines of the concerned agency” is not considered procurement activity under RA 9184 and its IRR.

3.2 To prevent abuse in the use of the Section 4.5(a) of the 2016 Revised IRR of RA 9184, the following clarifications are hereby made.

3.3 “Financial assistance” refers to actual cash or check, while “material assistance” refers to substitutes to cash or check in the form of coupon, stub, guaranty letter, promissory note or voucher that has monetary value, given directly to individual recipients or beneficiaries to address their immediate medical, funeral, transportation and other allied needs and concerns.

3.4 The term “direct financial and material assistance” cover medical, burial, transportation, and other allied assistance given by agencies actually mandated by existing laws, rules and regulations to provide such assistance, e.g.,

Department of Social Welfare and Development (DSWD), Department of Health, and the Philippine Charity Sweepstakes Office (PCSO), directly to individuals in emergency situations, under distress or are in need of supplemental financial support due to health or medical conditions, sickness or disease; funeral and burial concerns, which also includes the most direct and economical transportation expense to or from place of residence or specific destination.

- 3.5 Section 4.5(a) of the 2016 Revised IRR of RA 9184 contemplates financial or material assistance given directly to individual recipients or beneficiaries to address their immediate medical, funeral, transportation and other allied needs and concerns, which do not involve actual procurement of goods and services by government agencies. Accordingly, if the direct financial or material assistance takes the form of goods, supplies or items that are to be procured (*e.g.*, relief goods), the same do not fall within the coverage of the cited provision, but is subject to procurement rules and regulations embodied in RA 9184 and its IRR.

4.0 This Circular shall take effect immediately.

5.0 For guidance and compliance.

(SGD)

BENJAMIN E. DIOKNO

Chairperson