

Republic of the Philippines
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE



NPM No. 042-2017

20 December 2017

MS. ROSARIO VIRGINIA C. GAETOS

Executive Director

CENTER FOR INTERNATIONAL TRADE EXPOSITIONS AND MISSIONS (CITEM)

Golden Shell Pavillion, Roxas Boulevard cor. Sen. Gil J. Puyat Ave.,
Pasay City

Re: Multi-Year Contract -

Dear Executive Director Gaetos:

This refers to your letter seeking our opinion whether CITEM can engage services on a multi-year basis which is similar to the general support services in accordance with the Guidelines on the Procurement of Security and Janitorial Services and Guidelines on the Extension of Contracts for General Support Services.

It was mentioned that CITEM was created under Executive Order No. 989, mandated to hold trade exhibits to promote locally manufactured products and implement projects designed to upgrade the quality of such products to international standards, coordinate raw material sourcing, develop markets for it and provide assistance to Philippine manufacturers in general.

As such, organizing trade exhibitions, both local and overseas, require CITEM to implement recurring major project components that are necessary, indispensable and essential to the implementation and operation of CITEM projects. These recurring project components require the repeated procurement of goods, services and contractual services within a year with substantial budget, such as engagement of services of coordinators, lease of venue and accommodations, among others.

Section 19 of the General Provisions of 2017 GAA¹ provides that procurement covering multi-year contracts shall be subject to guidelines issued by the Government Procurement Policy Board (GPPB) and/or the Department of Budget and Management (DBM). For guidance, the DBM issued the *Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)*². Section 4.1 thereof provides that prior to the bidding of multi-year contract for multi-year projects (MYPs), national government agencies must first secure a MYOA from the DBM.

¹ Republic Act NO. 10924 approved on 22 December 2016

² Circular Letter No. 2015-7 dated 3 June 2017.

On the other hand, Section 3.7 thereof defines a MYP as a program or project which will take more than one year to complete that requires multi-year appropriations. Thus, the requirement to secure a MYOA prior to bidding only applies if the project is categorized as MYP, that is, the project which will take more than one year to complete and requires multi-year appropriations.

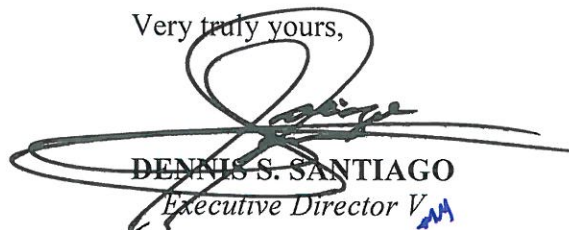
On the other hand, for recurring project components that are to be procured in a year, albeit separately and repeatedly, the proper recourse to ensure efficiency and faster delivery of CITEM services to its stakeholders is by grouping similar items and procure the same by packages or lots. Procurement of projects by lot is a recognized mechanism under existing government procurement rules. In such a case, the Philippine Bidding Documents (PBD) for the Procurement of Goods, particularly Clause 1.2 of the Instructions to Bidders (ITB) and the corresponding Bid Data Sheet (BDS) provision, requires Procuring Entities (PEs) to provide the name, identification, and number of lots specific to the bidding.

Consequently, the Procuring Entity may identify – “each item to be evaluated and compared with other bids separately and recommended for contract award separately; or, all items to grouped together to form one complete lot that will be awarded to a one bidder to form one complete contract; or, similar items to be grouped together to form several lots that shall be evaluated and awarded as separate contracts.”³ In this wise, bids shall be evaluated by the BAC depending on the packages or lots identified in the bidding document as above-mentioned. Hence, depending on the requirements provided for under Clause 28.3 of the ITB alongside specific instructions contained in BDS Clause 28.3(a) as to the manner for which a bidder should submit its bid: i) a bidder may be awarded a contract for an item; or, ii) a contract for a lot, or contracts for several lots; or, iii) a singular contract for all of the lots.⁴

In this regard, it is our considered view that for programs or projects which will not take more than one year to complete and not requiring multi-year appropriations, it is no longer necessary to secure a MYOA from the DBM prior to the bidding of the project. This notwithstanding, we refer you to the DBM, as the agency that issued the *Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)* for a more authoritative and definitive clarification on the matter.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director *V*

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³ Clause 28.3 - Bid Data Sheet, in relation to Clause 28.3 - Instructions to Bidders, 5th Edition Philippine Bidding Documents for the Procurement of Goods.

⁴ Non-Policy Matter Opinion No. 149-2015 dated 27 November 2015