



Republic of the Philippines
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE



NPM No. 140-2016

29 December 2016

MR. ALFREDO A. PALMA
Chief Accountant
BUREAU OF CUSTOMS (BOC)
South Harbor, Gate 3,
Port Area, Manila 1099

Re: Multi-Year Obligational Authority (MYOA)

Dear Mr. Palma:

This refers to your letter seeking our opinion on whether it is necessary for the BOC to secure, prior to the bidding, a MYOA for one of your procurement projects that has a contract duration of one (1) year commencing on November 2016 until October 2017 and for which, the funding shall be sourced from the existing/current year budget (2016 General Appropriations Act (GAA)).

Section 31 of the General Provisions of 2016 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. 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.

The Supreme Court in the case of *Jacomille v. Abaya et.al.*³ explained the requirement for a MYOA, thus:

“If the procuring agency believes that the project will not be given its full appropriation by the time the notice of award is to be issued, then the procuring agency must also secure the MYOA from the DBM at the start of the procurement process.”

From the foregoing, it can be determined that the requirement to secure a MYOA prior to bidding only applies if the project is categorized as MYP, that is, it requires multi-year appropriations.

¹ RA 10717 approved on 29 December 2015.

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

³ G.R. No. 212381 promulgated on April 22, 2015.

Based on your representation, for your project subject of this request for opinion, the funding source will be the 2016 GAA, which implies that it will not require a multi-year appropriations although the project will be implemented from 2016 to 2017.

In this regard, it is our considered view that for projects with sufficient funding that would be sourced from an existing appropriation 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 the DBM, as the agency that issued the *Updated Guidelines for Issuance of Multi-Year Obligational Authority (MYOA)* for a more authoritative 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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