



Department of Budget and Management
GOVERNMENT PROCUREMENT POLICY BOARD
TECHNICAL SUPPORT OFFICE

NPM No. 04-2012

4 January 2012

MS. DOLORA N. NEPOMUCENO

Assistant General Manager

OIC, Office of the General Manager

LAGUNA LAKE DEVELOPMENT AUTHORITY

Km. 24 Manila East Road, Don Hilario Cruz Avenue,
Club Manila East Compound, Brgy. San Juan, Taytay, Rizal

Re: Agency-to-Agency Agreement

Dear Ms. Nepomuceno:

We respond to your letter dated 31 August 2011 seeking an opinion on whether the Laguna Lake Development Authority (LLDA) can directly engage the services of the University of the Philippines – Los Baños (UPLB) through UPLB Foundation Incorporated (UPLBFI) for LLDA's project entitled "Institutional Strategic and Developmental Agreement for Laguna Lake Water" or "ISDA sa LAWA" Project.

Based on your letter, UPLBFI is a non-profit, privately operated corporation duly registered in accordance with law. Accordingly, under the UPLB system, all official research, extension, technical assistance, and developmental initiatives undertaken by any and all UPLB faculty and staff in collaboration with other organizations are routinely coursed through UPLBFI created pursuant to the Guidelines for the Recognition of UP Affiliated Foundations duly approved by the UP Board of Regents.

Please be advised that a government entity may engage the services of another government entity, through Negotiated Procurement (Agency-to-Agency)¹, subject to the compliance with the prescribed conditions and procedures under existing rules and the Guidelines on Agency-to-Agency Agreements² (Guidelines). The Guidelines require that the government entity to be engaged, referred to as the Servicing Agency, must have the mandate to deliver the required goods and services or to undertake the infrastructure project or consultancy required. In addition, the Servicing Agency should have the necessary tools and equipment required for the project.

¹ See Section 53.5, IRR of RA 9184.

² Approved and adopted by the Government Procurement Policy Board through Resolution 18-2007, dated 31 May 2007, as amended by GPPB Resolution 03-2011, dated 28 January 2011.

Considering that UPLB, being another government entity, provided that it satisfies the definition and requirements of a Servicing Agency under the Guidelines, we are of the view that LLDA may directly engage the UPLB, without need of an intermediary, such as the UPLBFI, upon the former's determination that the conditions and procedures required under the Guidelines are complied with.

It bears stressing, however, that the required service should be undertaken by UPLB, through its key officials and personnel, and not through another entity. If the entity being engaged is a private organization, the LLDA and the UPLB may be considered to be engaging a private entity without the benefit of public bidding.

We hope our advice provided sufficient guidance on the matter. Should you have other concerns, please do not hesitate to contact us.

Very truly yours,


DENNIS S. SANTIAGO
Executive Director III 

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