



Republic of the Philippines  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**TECHNICAL SUPPORT OFFICE**



**NPM No. 29-2015**

8 October 2015

**MS. FORTUNATA A. AGUMBAY**

*Head, BAC Secretariat*

**NATIONAL KIDNEY AND TRANSPLANT INSTITUTE (NKTI)**

East Avenue, Quezon City, 1100


**Re: Consignment Agreement**

Dear Ms. Agumbay:

This refers to your letter seeking our opinion on whether a consignment agreement is governed by the revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

The IRR of RA 9184 states that a consignment agreement is an arrangement where the following requisites are present: (a) delivery of goods by their owner (consignor), **without sale, to a government agency** (consignee); (b) consignee must try to sell the goods and remit the price of the sold goods to the consignor; (c) consignee accepts without any liability except for failure to reasonably protect them from damage; (d) **no disbursement of government funds is involved**; and (e) at terms not disadvantageous to the Government of the Philippines (GOP).<sup>1</sup> (Emphasis supplied)

It bears stressing that Section 4.1 of the IRR provides its scope and application, thus: “[t]his IRR **shall apply to all procurement** of any branch, agency, department, bureau, office, or instrumentality of the GOP, including government-owned and/or -controlled corporations (GOCCs), government financial institutions (GFIs), state universities and colleges (SUCs), and local government units (LGUs).” On the other hand, procurement is defined as “[t]he **acquisition of goods, consulting services, and the contracting for infrastructure projects by the procuring entity**... [P]rocurement shall also include the lease of goods and real estate.”<sup>2</sup> (Emphasis supplied)

Accordingly, since there is no acquisition of goods and fund expenditure on the part of government relative to a consignment agreement, such consignment arrangement is not procurement as defined in RA 9184 and its IRR. This notwithstanding, consignment is mentioned in Section 7.3.2 of the IRR where the parameters for its adoption and implementation were clearly laid down, at least to this extent, the IRR of RA 9184 applies to consignment agreement between the consignor entity and the consignee, the procuring entity. 

<sup>1</sup> Section 7.3.2

<sup>2</sup> Section 5(aa) of the IRR of RA 9184.

We hope 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 you have other concerns, please do not hesitate to contact us.

Very truly yours,



**DENNIS S. SANTIAGO**  
*Executive Director V*

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