



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

NPM No. 43-2012

25 April 2012

LYNDON G. VILLACORTA, CESO III
Regional Director
DEPARTMENT OF SCIENCE AND TECHNOLOGY
REGIONAL OFFICE NO. 13 - CARAGA
CSU Campus, Ampayon,
Butuan City

Re: Procurement of Second-Hand or Reconditioned Equipment

Dear Director Villacorta:

This is in response to your letter dated 16 April 2012 seeking our opinion on whether the Department of Science and Technology (DOST) Caraga Region may initiate the procurement of reconditioned equipment through public bidding.

It is represented that DOST Caraga Region will be procuring one (1) unit of Craft Shank Grinder and one (1) unit of Valve Seat Cutter for the project, Technology Intervention on the Capability Upscaling of RSY Machine Shop, with an Approved Budget for the Contract (ABC) in the aggregate amount of One Million Eight Hundred Eighty Thousand Pesos (P1,880,000.00). It is further represented that when the DOST Caraga Region BAC Technical Working Group (TWG) conducted an initial canvass of the equipment to be procured, it found out that the ABC was just sufficient to purchase reconditioned units. It is, therefore, in this context that you are seeking guidance on whether DOST Caraga may be allowed to procure reconditioned equipment instead of brand new units.

As discussed in previous opinions¹, Republic Act (RA) No. 9184 and its Implementing Rules and Regulations (IRR) Part A, do not prohibit the procurement of second-hand vehicle/equipment. It is the procurement of second-hand vehicle/equipment through an auction that is prohibited by RA 9184 for reasons stated in Non-Policy Opinion No. 138-2004 dated 26 October 2004. The same opinions stress that the purchase of second-hand vehicles/equipment, although allowed under RA 9184, must follow the procedure prescribed in the law, *i.e.*, conduct of competitive public bidding, unless circumstances warrant resort to any of the alternative modes of procurement.

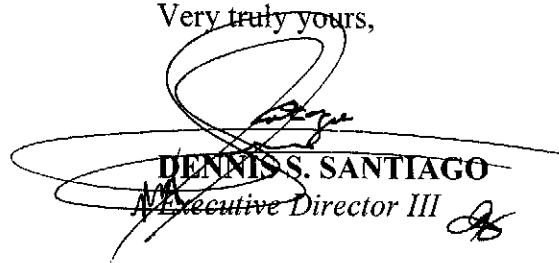
Although IRR Part A of RA 9184 has been amended by the revised IRR, nothing in the latter prohibits the acquisition of second-hand equipment and vehicles. As such, we are of the view that the same policy mentioned above is still valid and subsisting.

¹ GPPB-TSO NPM No. 026-2006, December 15, 2006; GPPB-TSO NPM No. 027-2006, December 15, 2006; and GPPB-TSO NPM NO. 028-2006, December 18, 2006.

In this regard, we reiterate that the purchase of second-hand equipment and vehicles may be done through RA 9184 and its IRR, provided that the rules on public bidding or the alternative modes of procurement, if allowed by the circumstances, are followed.

We hope that our advice provided sufficient guidance on the matter. Should you have further questions, please do not hesitate to contact our office.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director III

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