



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

**NPM No. 58-2013**

26 June 2013

**HON. JERRY E. PACTURAN**  
*Undersecretary for Support Services*  
**DEPARTMENT OF AGRARIAN REFORM (DAR)**  
Elliptical Road, Diliman, Quezon City

**Re : Partnership with Private Entities**

Dear Undersecretary Pacturan:

We respond to your letter seeking clarification on whether a partnership with interested private entities for the provision of an integrated package of support services is covered by existing guidelines for the procurement of goods and services under Republic Act (RA) No. 9184 and its revised Implementing Rules and Regulations (IRR).

As represented, the DAR is exploring the possibility of entering into a partnership with private entities in order to provide an integrated package of support services which will involve the procurement of farm equipment and machineries, provision of appropriate farm technology and market access to farmers' organizations, among others, with the end in view of enhancing the productivity and income of agrarian reform beneficiaries (ARBs)/farmers, their households, as well as their organizations. DAR is looking at providing funds as a direct subsidy to ARBs and its organizations (ARBOs) for such procurement activities equivalent to thirty to fifty percent (30%-50%) of its actual cost. The balance shall be shouldered by the concerned ARBOs through a loan from private entity(ies). To ensure higher rate of productivity, the specifications of the farming equipment shall be recommended by the partner private entities or a financing institution. In addition, the partner private entity shall also provide professional and technical services, appropriate training, farm inputs, and procure the farm produce based on agreed quality standards and price. It is in this context that clarification is being sought whether the intended partnership with private entities is covered by RA 9184 and its IRR.

We wish to inform you that RA 9184 and its IRR governs procurement activities of all government agencies. Procurement as defined in Section 5(n) of RA 9184 refers to the acquisition of goods, consulting services, and contracting for infrastructure projects by procuring entities.

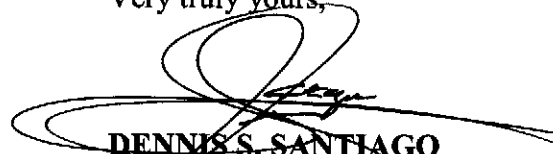
It is worthy to stress, however, that RA 9184 and its IRR will only apply when the subject matter of the transaction involves Procurement, and not when the transaction involves contribution of money/capital, services, or assets by the parties to the transaction. This latter kind of transaction or arrangement is considered a Joint Venture (JV) agreement under

Section 5.7 of the Guidelines and Procedures for Entering Into Joint Venture Agreements Between Government and Private Entities (JV Guidelines) issued by the National Economic and Development Authority (NEDA) in accordance with Executive Order No. (EO) 423, Series of 2005.

Based on the terms and conditions of the proposed arrangement, whereby DAR and private entities respectively infuse public funds and technical services towards the achievement of a specific goal or objective, partakes the nature of a partnership or a JV agreement rather than Procurement. In this regard, we are of the view that the partnership with interested private entities for the provision of an integrated package of support services for ARBs is not within the ambit and coverage of RA 9184 and its IRR.

We hope our advice provided sufficient guidance on the matter. Note that this opinion is being issued on the basis of facts and particular 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 III*

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