



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

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MR. RICARDO L. CALDERON, CESO III
Director
FOREST MANAGEMENT BUREAU
DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES
Visayas Avenue, Diliman, Quezon City, 1100


Re: Grant of Honoraria

Dear Director Calderon:

This is in response to your letter dated 30 January 2013, addressed to Dir. Myrna S. Chua of the Organization, Position Classification and Compensation Bureau (OPCCB) of the Department of Budget and Management, which was indorsed to this office for appropriate action. Said letter seeks clarification on the application and correct interpretation of the pertinent provisions of DBM Circular No. 2004-5A¹ (Circular) dated 7 October 2005, on the following issues:

1. May honoraria be granted on the basis of successfully completed procurement projects using Negotiated Procurement under Section 53.9 (Small Value Procurement) of the revised Implementing Rules and Regulations of Republic Act (RA) No. 9184.
2. Does the phrase “successfully completed procurement projects” refer only to completed open or public bidding projects?
3. Is competitive bidding process not observed in alternative modes of procurement?

Honoraria Payment Limited to Competitive Bidding

Section 5.2 of the Circular provides that the payment of honoraria shall be limited to procurement that involves competitive bidding, which is present only in Competitive Bidding (Section 10), Limited Source Bidding (Section 49), and Negotiated Procurement under Two-Failed Biddings (Section 53.1)². Conversely, honoraria will not be paid when procurement is through all the other alternative modes of procurement provided in RA 9184 and its IRR where competitive bidding or a semblance thereof is considered not present. Hence, honoraria should not be given when the procurement method used is Negotiated Procurement (Small Value Procurement). 

¹ Guidelines on the Grant of Honoraria to Government Personnel Involved in Government Procurement.

² Negotiated procurement under Section 53(a) of the IRR-A, where there has been failure of the second time.

Successfully Completed Procurement Projects

Section 5.1 of the Circular clearly provides that honoraria may be paid for successfully completed procurement projects which have undergone competitive bidding. As discussed, Section 5.2 of the Circular specifies those modalities considered to involve competitive bidding where honoraria may be granted. It is a well-established rule in statutory construction that words, clauses, and phrases should not be studied as detached and isolated expressions but the whole and every part of the statute must be considered in fixing the meaning of any of its parts and in order to produce a harmonious whole.³ Thus, reading these two (2) provisions together, it is clear that honoraria is given for “successfully completed procurement projects”, which not only includes Competitive Bidding, but also alternative methods of procurement where competition is present, such as in Limited Source Bidding and Negotiated Procurement under Two-Failed Biddings.

“Competition” in Alternative Modes of Procurement


It bears stressing that under Section 10 of RA 9184 and its IRR, all procurement shall be done through competitive bidding. Only in highly exceptional cases, and when justified by the conditions prescribed under the law, may the Procuring Entity (PE) resort to alternative methods of procurement in order to promote economy and efficiency.

Under Section 5(h) of the IRR, “Competitive Bidding” refers to a method of procurement which is open to participation by any interested party and which consists of the following processes: advertisement, pre-bid conference, eligibility screening of prospective bidders, receipt and opening of bids, evaluation of bids, post-qualification, and award of contract. Accordingly, competitive bidding is not employed in alternative procurement processes, except in Limited Source Bidding and Negotiated Procurement under Two-Failed Biddings.

In distinguishing among the methods of procurement where honoraria may be provided, the Circular considered only those modalities where there is seeming competition. From the alternative methods of procurement under RA 9184 and its IRR, Limited Source Bidding and Negotiated Procurement under Two-Failed Biddings are considered to employ competitive processes. Thus, the Circular considered the rest of the alternative modalities of procurement as methods not involving competitive selection, and thus, entitlement to honoraria is not applicable.

As regards the inclusion of Small Value Procurement (Section 53.9), Take-Over of Contracts (Section 53.3) and Lease of Real Property (Section 53.10) as alternative procurement modalities that should be covered by the Circular, we shall raise this matter to the Department of Budget and Management for appropriate consideration and disposition. Meantime, our position on the matter shall be limited and confined within the parameters provided for in the Circular.

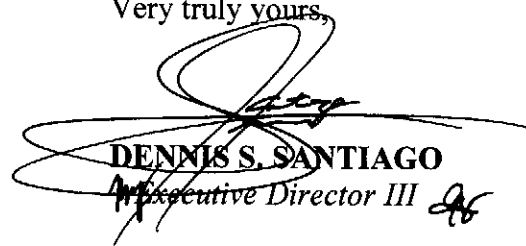
Summary

In sum, honoraria may be granted on the basis of successfully completed procurement projects awarded through Competitive Bidding, Limited Source Bidding, or Negotiated Procurement under Two-Failed Biddings. On the other hand, payment of honoraria shall not be allowed when award was made through any of the alternative modes of procurement which do not involve competitive bidding. 

³ Alcantara, Samson S., Statutes (1997), at page 163.

We hope that our advice provided sufficient guidance on the matter. Please note that this opinion is being rendered on the basis of the facts and particular situation presented, and may not be applicable given a different set of facts and circumstances. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,



DENNIS S. SANTIAGO
Executive Director III

Copy furnished:

MS. MYRNA S. CHUA

Director

ORGANIZATION, POSITION CLASSIFICATION AND COMPENSATION BUREAU

DEPARTMENT OF BUDGET AND MANAGEMENT

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