



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

**NPM No. 61-2012**

26 June 2013

**MS. MARIZON S. LORETO, CESO IV**  
*Regional Director*  
**DEPARTMENT OF TRADE AND INDUSTRY (DTI)**  
**REGIONAL OFFICE (RO) XI**  
3/F Mintrade Building, Monteverde cor. Sales Streets,  
Davao City

**Re : Limited Source Bidding**

Dear Director Loreto:

We respond to your letter dated 4 June 2013 requesting our opinion on the appropriate mode of procurement for the engagement of catering services for the National Industry Cluster Capacity Enhancement Project (NICCEP) Investment Conference to be held at the SMX Convention Center, SM Lanang Premiere, Davao City.

As represented, the management of the SMX Convention Center only allows particular service providers included in its list of accredited caterers to provide Catering Services for the events held in their venue. Considering this limitation, the DTI-RO XI seeks our opinion on the applicability of Limited Source Bidding under Section 49 of the revised Implementing Rules and Regulations (IRR) of Republic Act No. (RA) 9184.

As provided in Section 10 of RA 9184 and its IRR, the general rule is that all procurement shall be done through Competitive Bidding. It is only in highly exceptional cases and when justified by the conditions prescribed under Rule XVI of the IRR of RA 9184 is resort to any of the applicable alternative methods of procurement allowed. For this reason, resort to Competitive Bidding for the engagement of Catering Services should be adopted.

Limited Source Bidding under Section 49.1 of the IRR of RA 9184 may be employed only under any of the following conditions:

- a) Procurement of highly specialized types of goods (e.g., sophisticated defense equipment, complex air navigation systems, coal) and consulting services where only a few suppliers or consultants are known to be available, such that resorting to the public bidding method will not likely result in any additional suppliers or consultants participating in the bidding; or

- b) Procurement of major plant components where it is deemed advantageous to limit the bidding to known qualified bidders in order to maintain uniform quality and performance of the plant as a whole.

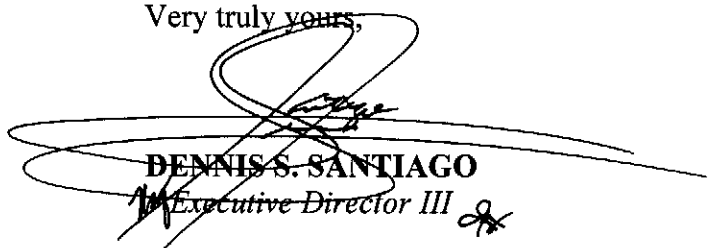
We wish to clarify that the limited nature of the possible sources of the goods and services to be procured is mainly qualified by the conditions mentioned above, and not by the fact alone that there are only limited providers with which the procuring entity is permitted to engage.

In order to apply Limited Source Bidding on the subject procurement, DTI-RO XI should first establish that Catering Services is either a highly specialized type of goods or a major plant component; otherwise, Limited Source Bidding cannot be resorted to. Moreover, DTI-RO XI should comply with the rudiments and crucibles provided under the "Guidelines Amending the Pre-Selection Procedures in the Conduct of Limited Source Bidding under GPPB Resolution No. 05-2011"<sup>1</sup>, in order to utilize Limited Source Bidding as a procurement modality.

Considering that, ordinarily, Catering Services are available from and is being offered by various companies in the country, and does not involve highly specialized requirements, and is undoubtedly not a major plant component, we are of the view that Limited Source Bidding cannot be resorted to in the procurement of Catering Services. In this regard, we reiterate that Competitive Bidding should be resorted to in the acquisition of the contemplated service.

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*

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<sup>1</sup> Issued through GPPB Resolution No. 06-2012, 30 March 2012, published in the Daily Tribune on 20 August 2012.