



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

**NPM No. 10-2011**

25 May 2011

**MR. PACIFICO F. MAGHACOT JR.**  
*Chairman, Bids and Awards Committee*  
**LOCAL GOVERNMENT OF QUEZON CITY**  
Quezon City Hall, Diliman, Quezon City

**Re : Multi-year Contracts by Local Government Units**

Dear Mr. Maghacot:

We refer to your letter dated 18 March 2011 requesting for confirmation on whether the Local Government of Quezon City may enter into a multi-year contract for the cleaning, collection, and disposal of solid waste within its jurisdiction.

As represented, the Bids and Awards Committee of the Local Government of Quezon City finds it economically and operationally inefficient for it to bid out its contract for solid waste management services annually. Hence, it is considering engaging in a three-year contract therefor.

Please be advised that Republic Act No. 9184 and its Implementing Rules and Regulations are silent on the issue of multi-year contract particularly with regard to said services. Nonetheless, it is not to be understood that procuring entities are prohibited from entering into multi-year contracts inasmuch as it is an acceptable form of contractual arrangement.

In addition, although the only guidelines which provides for a multi-year contract provision is for Janitorial and Security Services per GPPB Resolution No. 24-2007, such guidelines does not make any categorical pronouncement that multi-year contracts are limited to janitorial and security services.

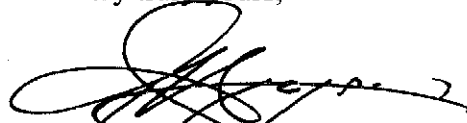
Relatedly, the Department of Budget and Management has even issued Circular Letter No. 2004-12 dated 27 October 2004 which prescribes guidelines and procedures for the implementation of multi-year contracts by National Government Agencies.

However, considering that such circular may not be applicable to Local Government Units such as your agency, reference should be made on the applicable provision in the Local Government Code of 1991 authorizing LGUs to enter into annual and/or multi-year contracts. In this regard, we urge you to validate if your Local Chief Executive is authorized to enter into multi-year contracts, and whether there is no additional budgetary authority required for

the purpose. Otherwise, we strongly suggest that the contract of services be procured on a yearly basis.

We hope to have provided sufficient guidance on the matter. Should you have any further questions, please do not hesitate to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Dennis Lorne S. Nacario', written in a cursive style.

**DENNIS LORNE S. NACARIO**

*OIC, Executive Director*