



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

NPM No. 113-2013

26 December 2013

MR. PASCUAL AD. PUNO, JR.
Officer-in-Charge
HOME DEVELOPMENT MUTUAL FUND
(PAG-IBIG FUND) CALAPAN BRANCH
RKT Bldg., J.P. Rizal St., Brgy. Laud,
Calapan City

Re : Lease of Office Space

Dear Mr. Puno, Jr.:

This refers to your letter dated 10 December 2013, seeking clarification on whether the Home Development Mutual Fund Calapan Branch (Pag-IBIG) can directly transact with a compliant building owner without need of inviting other prospective lessors in relation to the procurement of lease of office space for its Palawan Branch.

As represented, the afore-mentioned request is being made based on the following circumstances:

1. Two (2) bid failures have already transpired resulting to lost time and resources for the government;
2. Its existing contract has already expired since 30 June 2011, and is being renewed on a monthly basis;
3. It will be implementing a bigger organizational structure and staffing pattern early next year, which will require a 300 square meter office, as compared to its existing rented office space of 106 square meters;
4. Pag-IBIG already discussed with the Provincial Government of Palawan the possibility of engaging the latter for the office requirements, but the latter has not given its commitment when it could comply with all the requirements under an Agency-to-Agency Agreement.

An assessment of the procurement methods recognized under Republic Act No. (RA) 9184 and its revised Implementing Rules and Regulations (IRR) would reveal that there are only two modalities that would permit direct transaction with a building owner without need of inviting other owners, *i.e.*, Negotiated Procurement (Emergency Cases) under Section 53.2 and Negotiated Procurement (Take Over of Contracts) under Section 53.3. In both these instances, the procuring entity must establish that immediate action is necessary in order to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities, and public utilities.

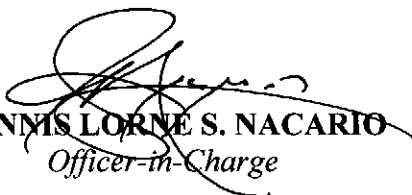
In case Pag-IBIG cannot establish the conditions allowing the afore-mentioned modalities of procurement, please note that Pag-IBIG may also consider the applicability of the following methods, although all would require invitation of several bidders:

1. Competitive Bidding under Section 10 of the IRR;
2. Negotiated Procurement (Two Failed Biddings) under Section 53.1 of the IRR;
3. Negotiated Procurement (Agency-to-Agency) under Section 53.5 of the IRR; and
4. Negotiated Procurement (Lease of Real Property) under Section 53.10 of the IRR.

It goes without saying that Pag-IBIG may resort to any of the alternative modalities provided that it can establish and justify the existence of the conditions warranting its use. As we have repeatedly opined, the accountability and responsibility in identifying the existence of such conditions rest with the Head of the Procuring Entity, upon recommendation of the Bids and Awards Committee.

We hope that this opinion issued by the GPPB-TSO 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 LORNE S. NACARIO
Officer-in-Charge