

**NPM No. 13-2007**

17 July 2007

**MS. ANGELINA L. KOLIMLIM**  
*Chairperson, Bids and Awards Committee*  
**MORONG WATER DISTRICT**  
Tomas Claudio St., Morong Rizal

**Re: Small Value Procurement**

Dear Ms. Kolimlim:

This refers to your letter dated 27 June 2006 and letter dated 17 July 2006 received from Mr. Crispin S. Gutierrez, General Manager of the Morong Water District. In both letters, your office is requesting that the purchase of goods amounting to Ten Thousand Pesos (Php10,000.00) and below be exempt from competitive public bidding.

Section 10 of Republic Act No. 9184 (R. A. 9184) prescribes, as a general rule, that the procuring entity adopts public bidding as a mode of procurement. However, in order to promote efficiency and economy, the procuring entity may resort to any alternative mode of procurement, subject to the approval of the head of the procuring entity and whenever justified by the conditions provided therein (Section 48, R. A. No. 9184).

Under Section 52 of Implementing Rules and Regulations Part A (IRR-A) of R. A. 9184, the procuring entity may resort to shopping in the following cases:

- (i) When there is an unforeseen contingency requiring immediate purchase provided the amount shall not exceed Fifty Thousand Pesos (Php. 50,000.00); or
- (ii) Procurement of ordinary or regular office supplies not available in the Procurement Service involving an amount not exceeding Two Hundred Fifty Thousand Pesos (Php.250,000.00), provided that it does not result to splitting of contracts and that at least three (3) price quotations from bona fide suppliers shall be obtained.

If the procurement does not fall under either of the two (2) cases for shopping under Section 52 of the IRR-A of R. A. 9184, the procuring entity may resort to negotiated procurement under Section 53 (h) of the IRR-A of R. A. 9184. The Government Procurement Policy Board (GPPB), in its Resolution No. 04-2006 dated 20 January 2006, approved the

amendment of Sections 53 and 54 of the IRR-A of R.A. 9184 for the procurement of goods, to allow negotiated procurement for small value contracts amounting to Fifty Thousand Pesos (Php. 50,000.00) and below, to wit:

#### Section 53. Negotiated Procurement

Negotiated Procurement is a method of procurement of goods, infrastructure projects, and consulting services, whereby the procuring entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant only in the following cases:

X X X

- h) Where the amount involved is Fifty Thousand Pesos (Php. 50,000.00) and below; Provided, however, that the procurement does not result in splitting of contracts, as provided under Section 54.1 of this IRR-A: Provided, further, That the procurement does not fall under Shopping in Section 52 of this IRR-A.

The above amount shall be subject to the periodic review by the GPPB. For this purpose, the GPPB shall be authorized to increase or decrease the said amount in order to reflect the changes in economic conditions and for other justifiable reasons.

#### Section 54. Terms and Conditions for the Use of Alternative Methods

Section 54.2 In addition to the specific terms, conditions, limitations and restrictions on the application of each of the alternative methods specified in Sections 48 to 53 of this IR-A, the following shall also apply:

X X X

- i) With respect to item (h) of Section 53 of this IRR-A, the procuring entity shall draw up a list of at least three (3) suppliers, contractors or consultants of known qualifications which will be invited to submit proposals, in case of goods and infrastructure projects, or curriculum vitae, in case of consulting services.

From the foregoing, the procuring entity may, upon recommendation of its Bids and Awards Committee and upon approval of the head of the procuring entity, resort to negotiated procurement for the procurement of goods, infrastructure projects or consulting services involving an amount not exceeding Fifty Thousand Pesos (Php. 50,000.00), whether or not an unforeseen contingency exists. The procuring entity, however, shall ensure that the procurement does not result to splitting of contracts and shall draw up a list of at least three (3) suppliers, contractors or consultants of known qualifications which will be invited to submit proposals or curriculum vitae.

Should you have any questions, please do not hesitate to let us know.

Very truly yours,

  
**RUBY U. ALVAREZ**  
*Executive Director III*

**Copy Furnished:**

**MR. CRISPIN S. GUTIERREZ**

*General Manager*  
Morong Water District  
Tomas Claudio Street,  
Morong, Rizal

REGISTRY RECEIPT OFFICE  
MARIKINA  
REGISTRY NO. **006811**  
REGISTRY RECEIPT  
REGISTRY NO. **006795**  
19  
Receipt for reference in case of inquiry  
Postmaster/Teller