

REPUBLIC OF THE PHILIPPINES  
**GOVERNMENT PROCUREMENT POLICY BOARD**  
**Technical Support Office**

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**NPM No. 161-2004**

December 22, 2004

**HON. THOMAS G. AQUINO**  
Undersecretary  
Department of Trade and Industry  
4/F Industry and Investments Building  
385 Sen. Gil J. Puyat Avenue, Makati

**Re : Lease of Office Space**

Dear Undersecretary Aquino:

This has reference to your letter<sup>1</sup> seeking guidance on matters affecting Department of Trade and Industry-Bureau of Export Trade Promotion's (DTI-BETP) request for office transfer.

As represented, the planned office transfer was conceptualized two years back, with the approval of the DTI Execom, as part of DTI's initiative to establish the Tradeline Philippines Center (TPC) as a one-stop center for all export-related documentation and queries. The project is introduced in view of fast-tracking the goal to generate P50B exports for the country. In pursuance thereof, the DTI Building Development and Physical Plant Committee canvassed as well as conducted physical inspection of available buildings along Buendia and Ayala Avenues in Makati in search for office spaces. This led to the eventual decision to draw up a lease contract with L.C. Building.

However, the aforementioned decision was overtaken by events including the incipience and eventual operation of Republic Act No. 9184 (R.A. 9184). As a consequence, in the context of the provisions of R.A. 9184, doubt is raised as to the propriety of the previous actions of the Committee. Thus, opinion is sought on the following question:

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<sup>1</sup> Addressed to the Honorable Secretary Emilia T. Boncodin as Chairperson of the Government Procurement Policy Board (GPPB) and received by this office on Nov. 22, 2004.



Whether the steps undertaken by DTI anent the planned transfer to L.C. Building is in accordance with the provisions of R.A. 9184.

### **Procurement Method for the Lease of Office Space**

The appropriate procurement method for the lease of office space is Competitive Bidding. Competitive bidding implies an open participation by any and all qualified suppliers, consultants or contractors in a selection process to determine the party that can offer to the government the most advantageous deal. The process consists of advertisement, pre-bid conference, eligibility screening of prospective bidders, receipt and opening of bids, evaluation of bids, post-qualification, and award of contract.<sup>2</sup> This practically extends equal opportunities to the public to deal with the government subject to certain eligibility requirements and qualifications.

However, the peculiarity involved in the lease of office space deserves more consideration specifically in the preparation of the technical specifications. The lease of office space depends entirely on the needs and requirements of the agency such as, but not limited to, location, the width and dimension of the area, floor shape and size, accessibility, amount of lease, structural aptness, architectural design, interior set-up, floor to ceiling clearance, communication readiness, electricity load, access to light, view and air, and the like.

The restrictive and customized technical specifications involved in the lease of office space calls for elaborate specifications which may indicate more detailed and need-specific requirements. As such, although competitive bidding is the primary recourse, the peculiarity of the object to be bid limits the number of bidders qualified to deliver an agency's requirements.

In sum, except where the canvassing and actual physical inspection undertaken by DTI are merely considered as preliminary to the determination of technical specifications to be required in view of the contemplated procurement, the previous action was not in accordance with the dictates of R.A. 9184.

### **Multi-Year Contracts**

So as to avoid the recurring issue on the re-negotiation or renewal of lease contracts, it is best that DTI lease office space on a multi-year basis pursuant to Budget Circular (BC) No. 2004-12<sup>3</sup>. The multi-year project may be pursued either with appropriations available in full during the first year of implementation or with multi-year appropriations<sup>4</sup> after the agency has first secured a Multi-Year Obligational Authority from the Department of Budget and Management.<sup>5</sup>

We trust that this clarifies matters.

Very truly yours,

  
**JOSE MARTIN C. SYQUIA**  
Executive Director

<sup>2</sup> See Sec. 5, IRR-A

<sup>3</sup> Guidelines to Implement Section 33 of the General provisions of the FY 2003 General Appropriations Act (GAA) under RA 9206, As Re-enacted. Dated October 27, 2004.

<sup>4</sup> See Section 3.2, Ibid.

<sup>5</sup> See Section 4.1, Ibid.