



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

NPM No. 36 -2011

28 December 2011

MS. BELINDA J. SANTOS
Chief, Support Services Division
FOOD DEVELOPMENT CENTER (FDC)
NATIONAL FOOD AUTHORITY
FTI Complex, Taguig City

Re: Small Value Procurement

Dear Ms. Santos:

We respond to your letter dated 18 November 2011 seeking clarification on whether the FDC can automatically adopt Small Value Procurement for the first time by sending Requests for Quotation for items Php 50,000 and below, and if not, what method of procurement should be used for the immediate purchase of chemical, reagents, media, and standards needed to render technical assistance to the food industry through various analytical services offered by its laboratories.

As represented, FDC is having difficulties in obtaining three (3) price quotations despite sending RFQs to more than twelve (12) suppliers in the conduct of Shopping under Section 52 of the Implementing Rules and Regulations (IRR) of Republic Act No. (RA) 9184.

At the outset, please note that pursuant to Section 10 of RA 9184 and its IRR, all procurement, as a general rule, shall be done through competitive bidding. Alternative methods may be resorted to only in highly exceptional cases subject to the approval of the head of the procuring entity, and whenever justified by the conditions provided in the law.

Shopping, as an alternative method of procurement under Section 52 of RA 9184 and its IRR, is employed when there is an unforeseen contingency requiring immediate purchase, or for the procurement of ordinary or regular office supplies and equipment not available in the Procurement Service, which involves an amount not exceeding the thresholds prescribed in Annex "H" of the IRR.

On the other hand, Small Value Procurement is allowed where the procurement does not fall under Shopping in Section 52 of the IRR, and the amount of the procurement must be within the threshold amount prescribed under Annex "H" of the IRR, subject to the procedural requirements under the Guidelines for Shopping and Small Value Procurement¹.

¹ Issued through GPPB Resolution No. 09-2009 dated 23 November 2009; See also Section 53.9 of the IRR.

If the chemicals, reagents, media, and standards to be purchased can be considered as “ordinary or regular office supplies” not available in the Procurement Service, then the alternative method of Shopping can be used subject to the prescribed thresholds and guidelines. Pursuant to Section 52.2 of the IRR, “the phrase ‘ordinary or regular office supplies’ shall be understood to include **those supplies, commodities, or materials which, depending on the procuring entity’s mandate and nature of operations, are necessary in the transaction of its official businesses, and consumed in the day-to-day operations** of said procuring entity...” (*Emphasis ours*)

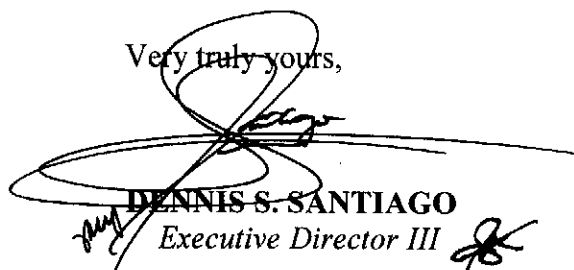
As the nature of FDC’s operation involves rendering technical assistance to the food industry through various analytical services offered by its laboratories, it appears that the chemicals, reagents, media, and standards can be considered as “ordinary or regular office supplies.” As such, these items should be included in the Electronic Catalogue of the PhilGEPS and purchased from the PS-DBM pursuant to Section 53.5 of the IRR.

In case such items are not available from the PS-DBM, FDC may procure it by way of competitive bidding or Shopping under Section 52.1 (b) of the IRR. It goes without saying that since the items mentioned can be considered ordinary or regular office supplies, resort to Small Value Procurement for its acquisition may not be made.

To address the immediate need of these items, we emphasize the need for meticulous and judicious planning of your procurement activities. In addition, we would like to reiterate that no procurement shall be undertaken unless it is in accordance with the approved Annual Procurement Plan (APP). If the APP provides that the mode of procurement is Competitive Bidding and the BAC subsequently recommends the change in the mode of procurement to any of the alternative methods, it must be through a Resolution duly approved by the Head of the Procuring Entity. If, however, the procurement is not included in the APP, then the relevant Project Procurement Management Plan (PPMP) must be updated and consolidated with the APP to comply with the provisions of RA 9184 and its IRR.

We hope that our advice sufficiently addresses your concern. We wish to stress that this opinion is being rendered on the basis of the facts and particular circumstances as presented.

Very truly yours,


DENNIS S. SANTIAGO
Executive Director III