

NPM No. 016-2019

14 June 2019

DIR. AHMA CHARISMA LOBRIN-SATUMBA

Acting Director IV

Bureau of Workers with Special Concerns
Department of Labor and Employment (DOLE)
9/F G.E. Antonino Bldg., J. Bocobo St.
Ermita, Manila

Re: Direct Financial or Material Assistance

Dear Director Lobrin-Satumba:

This refers to your letter¹ requesting for clarification as to whether the procurement of raw materials, equipment and tools, and jigs for distribution to the program beneficiaries of the DOLE may be considered a direct financial or material assistance under Section 4.5 (a)² of the 2016 revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184.

At the outset, it bears emphasis that the grant of direct financial assistance or material assistance to your program beneficiaries are not considered procurement activities which would require public bidding. To better understand what constitutes direct financial or material assistance, the Government Procurement Policy Board issued Circular No. 01-2017, which define the foregoing in this wise:

"Financial assistance" refers to actual cash or check, while **"material assistance"** refers to substitutes to cash or check in the form of coupon, stub, guaranty letter, promissory note or voucher that has monetary value, given directly to individual recipients or beneficiaries to address their immediate medical, funeral, transportation and other allied needs and concerns.³ [Emphasis supplied]

Xxx

The term "direct financial and material assistance" cover medical, burial, transportation, and other allied assistance given by agencies actually mandated by existing laws, rules and regulations to provide such assistance e.g., Department of Social Welfare and Development (DSWD), Department of Health, and the Philippine Charity Sweepstakes Office (PCSO), directly to individuals in emergency situations, under distress or are in need of supplemental financial support due to health or medical conditions, sickness or disease; funeral and burial concerns, which also includes the most direct and economical transportation expense to or from place of residence or specific destination."

¹ Dated 18 November 2016

² The following are not procurement activities under R.A. No. 9184 and this IRR:

a) Direct financial or material assistance given to beneficiaries in accordance with existing laws, rules and regulations, and subject to the guidelines of the concerned agency

³ Section 3.3 of GPPB Circular No. 01-2017 dated 09 February 2017

As can be gleaned above, financial assistance is limited to the provision of actual cash or check while material assistance refers to substitutes for cash such as vouchers, stubs, coupons and the like. Thus, the direct grant of cash or cash vouchers, stubs, coupons and similar instruments to your program beneficiaries are not subject to the procurement law and rules as there is no procurement activity to begin with. This is the essence of Section 4.5 (a).

On the other hand, the procurement of goods, infrastructure projects and consulting services necessary in the implementation of your programs require compliance with the provisions of RA No. 9184 and its revised IRR.

For instance, should you need to engage the assistance of a consultant to craft the criteria for the identification of your program beneficiaries, the same would fall under the procurement of consultancy services. In case you would need to construct a building to warehouse the supplies and equipment for distribution to your program beneficiaries, the same would constitute procurement of an infrastructure project. Similarly, the procurement of raw materials, equipment and tools, and jigs, and any other goods that will be distributed or given to your program beneficiaries require compliance with the procurement law and rules.

In fine, all procurement activities funded by public funds are subject to competitive bidding unless specifically covered by any of the alternative modes of procurement. On the other hand, the grant of direct financial and material assistance is not a procurement activity and is therefore not subject to public bidding.

The above opinion was made on the basis of the particular facts presented and circumstances availing, and may not, therefore, be applicable given a different set of facts and circumstances.

We hope to have sufficiently clarified the matter at hand.

Sincerely yours,


ROWENA CANDICE M. RUIZ
Executive Director V

//lr7

Copy Furnished:

DIR. MARYANNE E.R. DARAUAY, CESO III
Director IV and Head,
SDC Technical Secretariat
National Economic and Development Authority
NEDA sa Pasig, 12 Saint Escriva Drive,
Ortigas Center, Pasig City