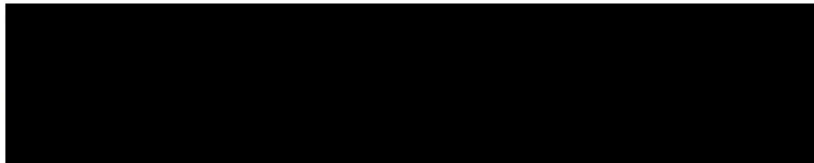


NPM No. 139-2016

29 December 2016



Re: Procurement by Lot

Dear [REDACTED]:

This refers to your electronic mail seeking clarification whether the materials for the assembly of a machine under one procurement project may be purchased from different suppliers due to the impossibility of purchasing it from only one supplier.

It is represented that to construct the prototype of a fuel-less machine, ZCSPC would need to buy electronic and electrical parts, gears, and many other things which could not be procured from one supplier. Moreover, some parts would even have to be fabricated based on the faculty's design. However, ZCSPC's Bids and Awards Committee (BAC) recommended that the materials be procured from one supplier only, but no single supplier could provide all the parts, which caused the delay of the project and lapse of the approved budget therefor. Thus, you ask if it is allowed to procure the materials for the prototype from different suppliers.

We answer in the affirmative. We wish to inform you that procurement of projects by lot is a recognized mechanism under existing government procurement rules. Section 21.1(b) of the 2016 revised Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184 and the Philippine Bidding Documents (PBDs) for the Procurement of Goods, particularly Clause 1.2 of the Instructions to Bidders (ITB) and the corresponding Bid Data Sheet (BDS) provision, requires Procuring Entities (PEs) to provide the name, identification, and number of lots specific to the bidding.

The BDS provision for ITB Clause 28.3 of the PBDs for Goods provides that lots should be formed of similar items that are likely to attract maximum competition, and defines "lot" as the quantity and number of items that will be included in a single contract. It also provides three options that PEs may choose from in grouping and evaluating lots, *i.e.*, (i) each item to be evaluated and compared with other bids separately and recommended for contract award separately; (ii) all items to be grouped together to form one complete lot that will be awarded to one bidder to form one complete contract; and (iii) similar items, to be grouped together to form several lots that shall be evaluated and awarded as separate contracts.¹

¹ NPM No. 43-2014 dated 10 October 2014.

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In other words, the PE may opt to indicate each item to be evaluated and compared with other bids separately and recommended for contract award separately, or group several items into one package consisting of several lots, and award the contract per lot; in which case, the ABC shall be based on the budget for each item/lot that will be awarded separately. In this wise, bids shall be evaluated per item/lot, such that any price offer that exceeds the ABC for a particular item/lot shall be disqualified for that respective lot. However, the same bidder may be awarded other lots where it is found to have submitted the lowest calculated and responsive bid.


For purposes of competitive bidding, evaluation, and contract award, the grouping of items/lots shall be based solely on what is indicated in the Bidding Documents, particularly in Clause 28.3 of the Bid Data Sheet.

Based on all the foregoing, we wish to clarify that procurement by item/lot is recognized and supported under RA 9184 and its IRR, as well as its associated issuances, and may be adopted by PEs by specifying the details of each item/lot in the bidding documents. In the case of ZCSPC, it may identify several items/lots to be procured under one procurement activity and consequently award each item/lot to different suppliers under different contracts.

We hope that this opinion issued by the GPPB-TSO provided sufficient guidance on the matter. Note that this is issued on the basis of particular facts and situations presented, and may not be applicable given a different set of facts and circumstances. Should there be other concerns, please do not hesitate to contact us.

Very truly yours,

(sgd.)

 **DENNIS S. SANTIAGO**
Executive Director V

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