

# ARTICLE XVI - ALTERNATIVE METHODS OF PROCUREMENT

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SEC. 48. Alternative Methods. - Subject to the prior approval of the Head of the Procuring Entity or his duly authorized representative, and whenever justified by the conditions provided in this Act, the Procuring Entity may, in order to promote economy and efficiency, resort to any of the following alternative methods of Procurement:

[A - Limited Source Bidding](#)

[B - Direct Contracting](#)

[C - Repeat Order](#)

[D - Shopping](#)

[E - Negotiated Procurement](#)

In all instances, the Procuring Entity shall ensure that the most advantageous price for the Government is obtained.

(a) Limited Source Bidding, otherwise known as Selective Bidding - a method of Procurement that involves direct invitation to bid by the Procuring Entity from a set of pre- selected suppliers or consultants with known experience and proven capability relative to the requirements of a particular contract;

(b) Direct Contracting, otherwise known as Single Source Procurement - a method of Procurement that does not require elaborate Bidding Documents because the supplier is simply asked to submit a price quotation or a pro-forma invoice together with the conditions of sale, which offer may be accepted immediately or after some negotiations;

(c) Repeat Order - a method of Procurement that involves a direct Procurement of Goods from the previous winning bidder, whenever there is a need to replenish Goods procured under a contract previously awarded through Competitive Bidding;

(d) Shopping - a method of Procurement whereby the Procuring Entity simply requests for the submission of price quotations for readily available off-the-shelf Goods or ordinary/regular equipment to be procured directly from suppliers of known qualification; or

(e) Negotiated Procurement - a method of Procurement that may be resorted under the extraordinary circumstances provided for in Section 53 of this Act and other instances that shall be specified in the IRR, whereby the Procuring Entity directly negotiates a contract with a technically, legally and financially capable supplier, contractor or consultant.

SEC. 49. Limited Source Bidding. - Limited Source Bidding may be resorted to only in any of the following conditions:



SEC. 50. Direct Contracting. - Direct Contracting may be resorted to only in any of the following conditions:

A. Procurement of Goods

B. When the Procurement of critical components

C. Those sold by an exclusive dealer

(a) Procurement of Goods of proprietary nature, which can be obtained only from the proprietary source, i.e. when patents, trade secrets and copyrights prohibit others from manufacturing the same item;

(b) When the Procurement of critical components from a specific manufacturer, supplier or distributor is a condition precedent to hold a contractor to guarantee its project performance, in accordance with the provisions of his contract; or,

(c) Those sold by an exclusive dealer or manufacturer, which does not have sub- dealers selling at lower prices and for which no suitable substitute can be obtained at more advantageous terms to the Government.

SEC. 51. Repeat Order. - When provided for in the Annual Procurement Plan, Repeat Order may be allowed wherein the Procuring Entity directly procures Goods from the previous winning bidder whenever there arises a need to replenish goods procured under a contract previously awarded through Competitive Bidding, subject to post-qualification process prescribed in the Bidding Documents and provided all the following conditions are present:

[A. Unit price](#)

[B. Repeat order](#)

[C. Special circumstances](#)

[D. Repeat order shall not exceed](#)

(a) The unit price must be equal to or lower than that provided in the original

(b)The repeat order does not result in splitting of requisitions or purchase orders;

(c) Except in special circumstances defined in the IRR, the repeat order shall be availed of only within six (6) months from the date of the Notice to Proceed arising from the original contract; and,



(d) The repeat order shall not exceed twenty-five percent (25%) of the quantity of each item of the original contract.

SEC. 52. Shopping. - Shopping may be resorted to under any of the following instances:

[A.Unforeseen contingency](#)

[B.Procurement of ordinary](#)

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

(a) When there is an unforeseen contingency requiring immediate purchase: Provided, however, That the amount shall not exceed Fifty Thousand Pesos (P50,000); or

(b) In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities;

SEC. 53. Negotiated Procurement. - Negotiated Procurement shall be allowed only in the following instances:

A. Two failed biddings

B. Imminent danger to life

C. Take-over of contracts

D. Subject contract is adjacent

E. Subject to the guidelines

(a) In cases of two failed biddings, as provided in Section 35 hereof;

(b) In case of imminent danger to life or property during a state of calamity, or when time is of the essence arising from natural or man-made calamities or other causes where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities;

(c) Take-over of contracts, which have been rescinded or terminated for causes provided for in the contract and existing laws, where immediate action is necessary to prevent damage to or loss of life or property, or to restore vital public services, infrastructure facilities and other public utilities;



(d) Where the subject contract is adjacent or contiguous to an on-going infrastructure project, as defined in the IRR: Provided, however, That the original contract is the result of a Competitive Bidding; the subject contract to be negotiated has similar or related scopes of work; it is within the contracting capacity of the contractor; the contractor uses the same prices or lower unit prices as in the original contract less mobilization cost; the amount involved does not exceed the amount of the ongoing project; and, the Provided, further, That negotiations for the contractor has no negative slippage: procurement are commenced before the expiry of the original contract. Whenever applicable, this principle shall also govern consultancy contracts, where the consultants have unique experience and expertise to deliver the required service; or,

(e) Subject to the guidelines specified in the IRR, purchases of Goods from another agency of the Government, such as the Procurement Service of the DBM, which is tasked with a centralized procurement of commonly used Goods for the government in accordance with Letters of Instruction No. 755 and Executive Order No. 359, series of 1989.

SEC. 54. Terms and Conditions for the use of Alternative Methods. - The specific terms and conditions, including the limitations and restrictions, for the application of each of the alternative methods mentioned in this Article shall be specified in the IRR.