

Republika ng Pilipinas
(Republic of the Philippines)
MINISTRI NG EDUKASYON, KULTURA AT ISPORTS
(MINISTRY OF EDUCATION, CULTURE AND SPORTS)
Maynila

April 4, 1983

MECS O R D E R
No. 15, s. 1983

PROCUREMENT OF SUPPLIES AND EQUIPMENT FROM NACIDA PRODUCERS

To: Bureau Directors
Regional Directors
Chiefs of Services and Heads of Units
Schools Superintendents
Vocational School Superintendents/Administrators

1. For the information and guidance of all concerned and effective immediately, the procedure in the purchase of cottage industries' products shall be governed by the NACIDA-SCO-COA Joint Memorandum Circular No. 1, s. 1983, a copy of which is inclosed, which took effect on February 1, 1983. Among the important provisions of the Memorandum Circular are the following:
 - a. The purchase of cottage industries' products shall be made by the requisitioning agency directly from the qualified NACIDA producers without coursing the same to NACIDA and/or Supply Coordination Office if the NACIDA producer has been issued a Cottage Industries' Products Supply Open-End Order (CIP-SOO) contract.
 - b. Purchase of cottage industries' products not covered by the CIP-SOO contract shall be made only after CIP bidding or sealed canvass whichever is most practicable.
 - c. Negotiation may be resorted to under extraordinary circumstances or justifiable reasons as authorized under existing laws, rules and regulations subject to price reasonableness and determination by the SCO.
2. The NACIDA shall furnish all government agencies concerned with relevant copies of CIP-Masterlist which shall, among others, contain a listing of NACIDA producers and qualified producers including the CIP-SOO contractors in the locality and such instructions and guidelines on the use of CIP-Masterlist.

3. Compliance with this Order is desired.

(SGD.) ONOFRE D. CORPUZ
Minister

Incl.:
As stated

Reference:
None

Allotment: 1--(D.O. 1-76)

To be indicated in the Perpetual Index
under the following subjects:

BUREAUS & OFFICES
EQUIPMENT
RULES and REGULATIONS
SUPPLIES

(Inclosure to MECS Order No. 15, s. 1983)

Republic of the Philippines
National Cottage Industries Development Authority
Supply Coordination Office - Commission on Audit

NACIDA-SCO-COA
Joint Memorandum Circular No. 1, s. 1983

TO : All Heads of Ministries, Bureaus, Agencies and Offices of the National Government, Managing Heads of Government-Owned or Controlled Corporations; Heads of Local Government Units; Chief Accountants/Heads of Accounting Units; Supply/Procurement/Property Officers; COA Auditors; And All Others Concerned.

SUBJECT: Purchase of Cottage Industries' Products for the Furnishing of Government Supplies and Equipment

Pursuant to Letter of Instructions No. 83, s. 1973 and the provisions of Executive Order No. 290, s. 1958, all concerned are hereby enjoined to be guided by and to comply with the new policies, procedural guidelines, rules and regulations relating to the purchase of cottage industries' products for the furnishing of government supplies and equipment, as provided herein, to wit:

1. Statement of Policy. In order to promote the growth and development of cottage industries; government supplies and equipment requirements shall, as far as practicable, be supplied with cottage industries' products, the purchase of which shall be spread as widely as practicable among qualified NACIDA registered producers, but within the structural framework of competition to allow for the free interplay of market forces, thereby enabling cottage industry entrepreneurship to develop the spirit of self-reliance and competitiveness in the open market, and ensuring the government sector, as well, with quality products at reasonable prices. However, the government market segment does not serve as the "ultimate-primary" market for cottage industries'

products; rather, it shall be a mere "supportive-secondary" market for the growth-oriented and competitive cottage industry enterprises. Thus, the viability of any cottage industry or enterprises shall not be solely tied up with or dependent upon the government market.

2. General Rule on the Purchase of Cottage Industries' Products. As a general rule, the purchase of cottage industries' products shall be made by the requisitioning agencies directly from the qualified NACIDA registered producers without coursing the same to NACIDA and/or the Supply Coordination Office, except as otherwise provided herein, and through the operation of Cottage Industries' Products (CIP) Bidding System or sealed canvass. The CIP-bidding or sealed canvass shall have the character of, and shall be conducted in accordance with the established rules and regulations on public bidding or canvass, subject however, to the following guidelines:

- 2.1 participation in CIP-bidding or CIP-sealed canvass shall be made exclusive, competitive and open as widely as practicable among all qualified NACIDA producers within the locality where the requisitioning agency is located;

"Locality as mentioned herein, refers to the territory under the administrative jurisdiction of a NACIDA regional office"

- 2.2 the requisitioning agency shall award the purchase to the lowest complying bidder or offer, provided however, that the reasonableness of price may be referred to the Supply Coordination Office (SCO) for certification;
- 2.3 in addition to the established rules, regulations and procedural guidelines on public bidding and sealed canvass as applicable to CIP-bidding or sealed canvass, the requisitioning agency shall install such internal control measures as may be necessary relative to the procedural operations of CIP-bidding or sealed canvass, to ensure that the resultant price of bidding or canvass is most advantageous to, and reasonable for the government to pay;

3. Consolidated Requisition for Cottage Industries' Products. Government agencies shall consolidate their three-month requirements for each item or group of items with related utility functions, of cottage industries' products, for which specific requisition shall be made. The Head of the requisitioning agency shall determine which of the modes of procurement and/or procedural guidelines prescribed in sections 5, 6 and 7 of this circular, is applicable to fill in the consolidated requisition for specific items or group of related items.
4. Cottage Industries' Products Supply Open-End Order (CIP-SOO) Contracts. There is hereby instituted a system of Cottage Industries' Products Supply Open-End Order Contracts, hereafter referred to as the "CIP-SOO" which shall be an integral component of the Supply Open-End Order (SOO) System of the government. The CIP-SOO Contracts shall be issued by the Director of Supply, who shall be the government contracting officer, upon endorsement of the NACIDA Administrator, or their authorized representative on recommendation of the CIP-SOO Committee or its regional equivalent. The operation and application of CIP-SOO Contracts shall be in accordance with the relevant provisions of Joint SCO-COA Memorandum Circular No. 1, s. 1982, its implementing rules, regulations and guidelines, and the provisions of this circular. However, the CIP-SOO contract prices shall be a joint responsibility between the Supply Coordination Office and NACIDA.
5. Purchase from CIP-SOO Contracts. Whenever the supplies and equipment items under requisition by any government agency are covered by CIP-SOO Contracts, such items shall be purchased directly from any holder of CIP-SOO Contracts, without the need for CIP-bidding or canvass, subject to the following guidelines:
 - 5.1 the end-user government agency shall purchase cottage product items in such quantities as may be needed, directly from any holder of CIP-SOO Contracts;

- 5.2 the CIP-SOO Contract price is a fixed floor price on a per unit basis; however, it shall be variable downward through volume discounts in such percentage or amount as may be indicated in the terms and conditions of the CIP-SOO Contract, or as maybe negotiated by the requisitioning agency with the CIP-SOO Contractor concerned;
- 5.3 payment shall be made directly to the CIP-SOO Contract holder by the purchasing agency upon delivery and acceptance of the items;
6. Purchase of Cottage Industries' Products Not Covered by CIP-SOO Contracts. Purchase of cottage industries' products not covered by CIP-SOO contracts shall be made only after CIP-bidding or sealed canvass, whichever is most practicable, as maybe determined by the head of the requisitioning agency, with the end in view of promoting competitiveness among cottage industries, subject to the provisions of section 2 of this circular.
7. Negotiated Purchase. Negotiation as an exception to section 6 hereof, however, may be resorted to under such extraordinary circumstances or justifiable reasons as authorized under existing laws, rules and regulations; subject to price reasonableness and determination by the Supply Coordination Office, when the purchase is from a sole cottage producer in the locality, and subject further to Executive Order No. 323, s. 1971, when the amount involved exceeds One Hundred Thousand (P100,000.00) Pesos. In all cases, the established rules and regulations on negotiated purchase shall be complied with.
8. Irregular Purchase. Any purchase or disbursement of funds for the payment of cottage industries' products which is not in accordance with the provisions, intents and purposes of this circular shall be deemed irregular and shall not be passed in audit.
9. Dissemination of Cottage Industries' Products Masterlist. There shall be instituted a Cottage Industries' Products (CIP) Masterlist in the locality as defined in section 2 hereof, which shall be established by the NACIDA regional offices jointly

with the Supply Coordination Office. The NACIDA shall furnish all government agencies concerned with the relevant copies of CIP-Masterlist which shall, among others, contain a listing of NACIDA products and qualified producers including the CIP-SOO contractors of the locality, such instructions and guidelines on the use of CIP-Masterlist.

10. Reference to CIP-Masterlist. Government agencies shall, prior to the filling in of its requisition, refer to the CIP-Masterlist to determine whether their requirements could be supplied with cottage industries' products and thereby ensure compliance with this circular.
11. Disbursement of Payments. The government agencies concerned shall disburse payments for the purchase of cottage industries' products within seven (7) days upon acceptance of delivery.
12. Report on Purchases. Government agencies shall furnish the NACIDA copies of their concluded purchase of cottage industries' products, immediately upon disbursement of payment but not later than one (1) week thereafter. A NACIDA acknowledgment receipt of such copies or reports on purchase shall be considered a requirement in the post-audit of government transactions with the NACIDA producers.
13. Consultation on the Implementation of LOI 83. Consultation, policy or procedural clarification whenever requested by any government agency concerned relative to the implementation of LOI 83 and compliance with this circular, shall be forwarded to NACIDA, for its action or joint action with the Supply Coordination Office, as the case may be.
14. Application of this Circular. The provisions, intents and purposes of this circular shall be deemed applicable only to the purchase of cottage industries' products as listed in the CIP-Masterlist. Whenever the items needed by the requisitioning agency are not included in the CIP-Masterlist, the purchase of such items shall be in

accordance with the prevailing procedural guidelines, rules and regulations on government procurement.

15. Transitory Provisions. In the meantime that the CIP-S00 system and CIP-Masterlist are being established, purchase of cottage industries' products by government agencies shall be among the existing NACIDA registered producers who are direct manufacturers of the items under requisition in accordance with section 6 or section 7 and shall comply with other pertinent provisions of this circular.
16. Participation of the Commission on Audit. The Commission on Audit participates in the issuance of this joint memorandum circular to signify its approval of the procedural guidelines, rules and regulations as provided herein, and to facilitate the implementation of LOI 83. CIP-S00 contract prices, however, are jointly determined by the NACIDA and Supply Coordination Office. The Commission on Audit does not participate in such price determination. In the event that the CIP-S00 prices are higher as compared with the quotation of the other suppliers, the CIP-S00 contractors shall be given the opportunity to match the lower price. Otherwise, purchasing agencies may purchase from other sources at lesser rates or from non-NACIDA manufacturers/suppliers whenever CIP-S00 contract prices are unreasonably excessive.
17. Implementing Issuances - Operation. Procedural guidelines, rules, regulations, administrative arrangements for operation-related implementing action shall be issued and/or instituted jointly by SCO and NACIDA to ensure proper implementation and effective enforcement of LOI 83 and the provisions of this circular as may be necessary.
18. Repealing Clause. Previously issued circulars, orders, rules and regulations, or administrative arrangement relating to the implementation of LOI 83, or any parts or provisions thereof, which are in conflict or inconsistent with the provisions of this circular shall be deemed repealed or modified accordingly.

19. Effectivity. This joint memorandum circular shall take effect upon its approval by the participating agencies.

APPROVED. 01 February 1983.

NATIONAL COTTAGE INDUSTRIES DEVELOPMENT
AUTHORITY

(SGD.) VICENTE B. VALDEPENAS, JR.
(Deputy Minister of Trade and Industry)
Administrator

SUPPLY COORDINATION OFFICE

COMMISSION ON AUDIT

(SGD.) Brig. Gen. EUSTAQUIO V. MEIM (Ret) (SGD.) FRANCISCO S. TANTUICO
Director Chairman

WITNESSES:

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A true copy