



MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

MEMORANDUM ORDER NO. 48

**INCREASING THE ALLOWABLE AMOUNT OF ADVANCE
PAYMENT FOR PROCUREMENT ACTIVITIES UNDER REPUBLIC
ACT NO. 11469 OR THE "BAYANIHAN TO HEAL AS ONE ACT"**

WHEREAS, Section 88(1) of Presidential Decree No. 1445 or the "Government Auditing Code of the Philippines," provides that except with the prior approval of the President, the government shall not be obliged to make an advance payment for services not yet rendered or for supplies and materials not yet delivered under any contract therefor;

WHEREAS, Paragraph 4.3 in relation to Paragraph 4.1, Annex D of the 2016 Revised Implementing Rules and Regulations (RIRR) of Republic Act (RA) No. 9184 or the "Government Procurement Reform Act," provides that a single advance payment not to exceed 50% of the contract amount shall be allowed for contracts entered into by a procuring entity for hotel and restaurant services, use of conference, seminar and exhibit areas, and lease of office spaces, where the requirement of down payment is a standard industry practice, without need of prior approval by the President;

WHEREAS, Paragraph 4.4 in relation to Paragraph 4.1, Annex D of the 2016 RIRR of RA No. 9184 provides that advance payment not to exceed 15% of the contract amount, unless otherwise directed by the President, shall be allowed for procurement of goods required to address contingencies arising from natural or man-made calamities in areas where a State of Calamity has been declared by appropriate authorities, without need of prior approval by the President;

WHEREAS, in light of the increasing number of COVID-19 cases, Proclamation No. 929 (s. 2020) declared a State of Calamity throughout the country for a period of six (6) months, imposed an Enhanced Community Quarantine over the entire Luzon, and enjoined government agencies and local government units to render full assistance to and cooperation with each other, and mobilize the necessary resources to undertake critical, urgent and appropriate disaster response aid and measures;

WHEREAS, Section 4(k) of RA No. 11469 or the "Bayanihan to Heal as One Act," vested the President with the temporary emergency authority to undertake the procurement of certain goods, services and lease of property, as the need arises, in the most expeditious manner, as exemptions from the provisions of RA No. 9184 and other relevant laws;

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WHEREAS, based on a recent market study conducted by the Procurement Service of the Department of Budget and Management, suppliers of medical supplies and personal protective equipment (PPEs) prioritize buyers who are willing to make advance payment of at least 30% of the contract amount;

WHEREAS, the Government Procurement Policy Board, through Resolution No. 06-2020, issued a circular providing the Guidelines for Emergency Procurement under RA No. 11469, while recommending to the President the allowable rates of advance payment for the procurement of certain goods and services, and lease of property under the same law;

WHEREAS, it is imperative to undertake timely and adequate measures to complement our healthcare facilities, support our health workers in containing the further spread of the COVID-19 virus, and provide for the basic needs of our countrymen during this public health emergency; and

WHEREAS, the COVID-19 outbreak is unlike any other calamity or emergency that confronted our country in recent years, as it has already dealt an incomparable blow to the overall health and security of the population and the economy, and continues to threaten more lives and livelihoods;

NOW, THEREFORE, I, RODRIGO ROA DUTERTE, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order:

Section 1. Procurement of Goods and Services. An advance payment not to exceed thirty percent (30%) of the contract amount shall be allowed for the procurement of the following, in accordance with Section 4(k) of RA No. 11469, provided that an advance payment is necessary to ensure that the requirements of the procuring entity are prioritized by suppliers or contractors:

- a. Goods such as PPEs, including gloves, gowns, masks, goggles, face shields; surgical equipment and supplies; laboratory equipment and its reagents; medical equipment and devices; support and maintenance for laboratory and medical equipment, surgical equipment and supplies; medical supplies, tools, and consumables such as alcohol, sanitizers, tissue, thermometers, hand soap, detergent, sodium hydrochloride, cleaning materials, povidone iodine, common medicines (e.g., paracetamol tablet and suspension, mefenamic acid, vitamin tablets and suspension, hyoscine tablets and suspension, oral rehydration solution, and cetirizine tablets and suspension); testing kits, and such other supplies or equipment as may be determined by the Department of Health and other relevant government agencies;
- b. Goods and services for social amelioration measures in favor of affected communities;
- c. Establishment, construction and operation of temporary medical facilities;
- d. Utilities, telecommunications and other critical services in relation to operation of quarantine centers, medical relief and aid distribution centers and temporary medical facilities; and

e. Ancillary services related to the foregoing.

Section 2. Lease of Real Property. A single advance payment, not to exceed fifty percent (50%) of the contract amount, shall be allowed for the lease of real properties under Section 4(k)(3) of RA No. 11469, to house health workers or serve as quarantine centers, medical relief and aid distribution locations, or temporary medical facilities, provided that the requirement of a down payment is a standard industry practice.

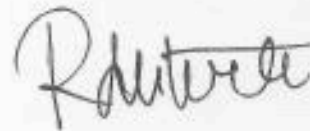
Section 3. Release of Advance Payment. All procuring entities are hereby directed to release the advance payment to the supplier, contractor or lessor within three (3) working days from the award of contract, in all cases covered by this Order.

Section 4. Separability. If any section or provision of this Order is held invalid or unconstitutional, the other portions not otherwise affected shall remain in full force and effect.

Section 5. Effectivity. This Order shall take effect immediately.

DONE, in the City of Manila this 20th day of April in the Year of Our Lord, Two Thousand and Twenty.

By the President:




SALVADOR C. MEDIALDEA
Executive Secretary

