

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session
6630
House Bill No. _____



Introduced by **MAGDALO Party-list Representative**
HON. MANUEL DG. CABOCHAN III

EXPLANATORY NOTE

The State recognizes its duty to protect its sovereignty and national integrity. To address current and emerging threats, it is necessary to acquire and establish defensive equipment, facilities and integrated military systems.

The Revised AFP Modernization Program provides a 15-year modernization program that guides the efforts to enhance the development and employment of capabilities of the Armed Forces. It is being implemented in three phases namely, Horizon I (2013-2017), Horizon II (2018-2022) and Horizon III (2023-2028). However, the rules set by the Government Procurement Reform Act have slowed down the procurement of additional military equipment in the recent years. The current procurement law has become an impediment to the modernization efforts of the AFP.

This bill seeks to address specific issues on defense purchases. It aims to capacitate and streamline the process of the acquisition of defense equipment, facilities, materiel, ordnance, services and integrated military systems. This measure also provides for the adoption of appropriate criteria to determine the best rated offer in the acquisition. Further, it will ensure that our acquisition system is at par to effectively respond to the threats to our national security.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

MANUEL DG. CABOCHAN III
Representative
Magdalo Para Sa Pilipino Party-List

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**Introduced by MAGDALO Party-List Representative
HON. MANUEL DG. CABOCHAN III**

AN ACT

**PROVIDING FOR THE ACQUISITION OF MATERIEL, SYSTEMS, FACILITIES,
INTEGRATED MILITARY SYSTEMS AND SERVICES BY THE DEPARTMENT
OF NATIONAL DEFENSE AND ITS BUREAUS AND FOR OTHER PURPOSES**

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

ARTICLE I

GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “Defense Acquisition Act”.

SEC. 2. Declaration of Policy. – It is the policy of the State to secure its sovereignty and the integrity of its national territory. Towards this end, the acquisition of defense equipment, facilities, materiel, ordnance, services and integrated military systems shall be given utmost priority.

SEC. 3. *Governing Principles.* – The Defense Acquisition Act shall be governed by the following principles:

- (a) Expedited and specialized process in the acquisition of defense materiel, systems, military facilities and installations, and services;
 - (b) Quality, reliability and sustainability of defense equipment, facilities, services, systems, critical components, and other critical requirements through the adoption of appropriate criteria in determining the best rated offer;
 - (c) Confidentiality in the acquisition process of defense equipment, facilities, materiel, ordnance, services and integrated military systems that has significant impact to national interest and security;
 - (d) Self-reliant defense posture to support defense requirements of the Department of National Defense (DND) and its bureaus and promote the development of local defense industry, reduce foreign exchange outflow, generate local employment, and enhance technology transfer; and

- 1 (e) Accountability and integrity through special monitoring of defense acquisition
2 procedures and implementation of awarded contracts.

3
4 **SEC. 4. Scope and Application.** – This Act shall apply to the acquisition of Defense
5 materiel, services, ordnance, systems, and facilities of the Department of National Defense
6 and its bureaus. In so far as practicable, the Defense System of Management (DSOM)
7 process, as prescribed by the Secretary of National Defense (SND), shall be used in the
8 determination of requirements to be procured under this Act. When acquisition is done
9 pursuant to a treaty or International or Executive or Defense Cooperation Agreements, said
10 agreements shall prevail.

11
12 **SEC. 5. Definition of Terms.** – For purposes of this Act, the following terms, words or
13 phrases shall mean or be understood as follows:

- 14
15 (a) **Acquisition** refers to the acquisition of defense equipment, materiel, ordnance,
16 services, facilities and integrated military systems, inclusive of computer applications
17 and e-solutions. It is synonymous with “procurement” if pertaining to items not
18 covered by this Act;
- 19
20 (b) **Facilities/Infrastructure** includes the construction, improvement, rehabilitation,
21 demolition, repair, restoration or maintenance of naval vessels or station and aircraft
22 and bases, roads and bridges, railways, airports, seaports, communication facilities,
23 civil works components of information technology projects, irrigation, flood control
24 and drainage, water supply, sanitation, sewerage and solid waste management
25 systems, shore protection, energy/power and electrification facilities, national
26 buildings, school buildings, hospital buildings, and other related defense construction
27 projects of the government;
- 28
29 (c) **Materiel** refers to all items with military specifications that are necessary for the
30 equipment, maintenance, services, operation and support of governmental and
31 military activities;
- 32
33 (d) **Services** refers to all defense related services;
- 34
35 (e) **Systems** refers to the organization of hardware, software, materiel, facilities,
36 personnel, data, and services needed to perform a designated function with specified
37 results, such as the gathering of specified data, its processing, and delivery to users. A
38 combination of two (2) or more interrelated equipment arranged in a functional
39 package to perform an operational function or to satisfy a requirement;
- 40
41 (f) **Military specifications** refer to the project/product standard based on
42 local/international publication recognized and/or made by the AFP;
- 43
44 (g) **Ordnance** refers to all items needed by the Navy, Air Force and Army defense
45 requirements;
- 46
47 (h) **Head of Acquisition Entity (HAE)** refers to the Head of the agency or body, or his
48 duly authorized official in the acquisition of defense materiel, ordnance, facilities,
49 services and integrated military systems. It is synonymous with “Head of Procuring
50 Entity (HoPE)” if pertaining to procurement of items not covered by this Act;

- (i) **Best Rated Offer** refers to the offer with the best calculated rating based on criteria/parameters including, but not limited to financial capacity, technical capabilities, additional technical capabilities of appropriate upgrade, and others such as life-cycle cost, after-sales support, willingness to transfer technology, warranty, perquisites and price as determined by the end user;
 - (j) **Previous Supplier** refers to a juridical entity that has supplied the same defense equipment, critical components, services and other critical requirements being procured. The surviving or consolidated juridical entity resulting from a merger, consolidation and acquisition shall be considered a previous supplier;
 - (k) **Request for Expression of Interest (REI)** refers to a letter inviting the pre-selected suppliers identified by the Procuring Entity to be technically, legally and financially capable to render services or to supply the requirements and construction of facilities of the DND and its bureaus;
 - (l) **Resource Manager (RM)** refers to a designated senior executive official appointed by the SND who is directly accountable to the SND for developing financially realistic program, budget, and spending plan proposals that comply with the centralized policy and planning direction provided by the SND; accomplishing established programmatic and financial management objectives established by the SND; and, reporting performance against the established objectives.

ARTICLE II

ACQUISITION, PLANNING, BUDGETING AND EXECUTION

SEC. 6. *Defense Acquisition Planning and Budgeting (DAPB).* – The DAPB is collaboratively developed acquisition plan with realistic financial programs that meet identified capability requirements in a timely manner. Only those priority needs and/or crucial to the efficient discharge of functions shall be included in the DAPB.

A. Preparation of Acquisition Plan and Budget (APB). – The APB must be consistent with the duly approved budget of the Department of National Defense and shall bear the approval of the concerned HAE.

(a) ***Short Term Acquisition Plan and Budget (SAPB).*** – It is a 3-year defense procurement program to be funded thru General Appropriations.

(i) For the AFP, the approving authority shall be the Chief of Staff, Armed Forces of the Philippines.

(ii) For DND Civilian Bureaus, the approving authority shall be the Head Bureaus.

(b) ***Midterm Acquisition Plan and Budget (MAPB).*** – A 5-year defense procurement program to be funded thru General Appropriations and/or other sources as enumerated in the AFP Modernization Program Act (RA7898, as amended by RA 10349). The MAPB shall be approved by the Secretary of National Defense.

B. Modes of Payment. – In order to have a uniform and standard mode of payment, the same shall be limited to the following:

(a) **For Foreign Suppliers.** – The modes of payment shall be limited to Letters of Credit and Electronic Wire Transfer.

(b) ***For Local Suppliers.*** – The modes of payment shall be limited to Local Letters of Credit or Direct Payment.

C. Budgetary Requirements. – The Secretary of National Defense shall submit to the President, Congress and Secretary of Budget and Management the required budgets for defense procurement.

D. Release of Funds by the Department of Budget and Management (DBM). – The DBM shall release the amounts to support the funding requirements for the acquisition of materiel, systems, facilities and services of the DND proper and its bureaus in accordance with the guidelines set forth by the DBM:

E. Execution. – The DND proper and its bureaus shall execute the allocated amount for the acquisition of materiel, systems, ordnance, facilities and services in accordance with the existing government accounting and auditing rules and regulations.

F. Review. – The Office of the Assistant Secretary for Financial Management (OASFM) shall be responsible in the conduct of quarterly review and assessment of the financial performance of the DND proper and its bureaus for the acquisition of the materiel, systems, facilities and services based on the guidelines set forth in the Implementing Rules and Regulations (IRR).

ARTICLE III MODES OF ACQUISITION

SEC. 7. *Modes of Acquisition.* – Subject to objective evaluation and approval of SND and whenever justified by the conditions provided in this Act, the DND may, in order to promote economy and efficiency, and in case of national emergency and calamity resort to any of the following modes of acquisition:

A. Procurement. – The procurement of defense equipment maybe in any of the following mode:

(a) **Open Competition** refers to a method of procurement which is open to participation by any interested party or entity who can meet the specified requirements. The procuring entity may enter into a framework agreement as necessary.

(b) Limited / Selective Competition refers to a method of procurement that limits the participants in the procurement process to known legitimate manufacturers/suppliers. This mode is used mainly for security reasons; often where the requirements have been deemed classified such that the same may not be disclosed freely through an open competition. It involves direct invitation to at least two (2) manufacturers by the Procuring Entity from the list of pre-selected suppliers with known experience and proven capability. The pre-selection shall be based upon the capability and resources

1 of the manufacturers to perform the contract taking into account their experience and
2 past performance on similar contracts, capabilities with respect to personnel
3 equipment or manufacturing facilities, and financial position.

4 (c) **Single-sourced** refers to the mode of procurement where the Procuring Entity
5 negotiates with one (1) manufacturer/supplier in view of national security and
6 emergency and or other urgent strategic considerations.

7 (i) **Government-to-Government** – refers to an arrangement involving
8 negotiation with a State with which the Philippines has a Treaty or
9 International or Executive Agreements.

10 (ii) **Emergency Procurement**– refers to the type of single-sourced procurement
11 of defense materiel and other defense requirements necessary to support and
12 sustain defense operations during a state of calamity or emergency; or where
13 immediate acquisition is necessary either to prevent loss of life or damage to
14 property; or, to rehabilitate, rebuild and develop an area which has been
15 damaged by an armed conflict.

16 (d) **Anticipated Emergency Procurement** refers to the type of single-sourced
17 procurement of defense materiel necessary in anticipation of a disaster that poses an
18 imminent danger to life or damage to property.

19 (e) **Direct Purchase** refers to the type of single-sourced method/mode that allows
20 procurement directly from pre-selected supplier, manufacturer, and/or contractor. It
21 may be resorted to under any of the following circumstances:

22 (i) For procurement of readily available and off-the-shelf goods not available to
23 the Procurement Service of the Department of Budget and Management,
24 subject to the threshold prescribed in the IRR.

25 (ii) In order to obtain and maintain the desired standardization and interoperability
26 of defense materiel based on the defense inventory of the DND and/or its
27 Bureaus.

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

31 (f) **Assumption of Contracts.** – Assumption of contract by a specific
32 supplier/manufacturer whenever a contract under any of the methods of procurement
33 of this Act is terminated or rescinded for causes provided for in the contract and
34 existing laws. In the case of Open and Limited Competition, all the ranked offers shall
35 be considered prior to the sending of REIs.

36 **B. Donation.** – The DND and its attached bureaus may acquire items/equipment disposed
37 gratuitously by private companies, institutions, local government units (LGUs), government
38 agencies and other foreign governments or institutions.

1 **C. Barter.** – The DND and its attached bureaus may conduct barter as a mode of acquisition
2 by the exchange of goods or services for other goods or services without the use of money
3 which may be made with foreign governments, local government agencies and foreign and
4 local private entities.

5 **SEC. 8. Acquisition for the Development of Self-Reliant Defense Posture (SRDP).** –

6 The negotiation for acquisition of defense projects services, system and facilities may also be
7 undertaken if the SND has determined that the security interest of the country is protected by
8 entering into in-country production with any foreign or local manufacturer.

9
10 **SEC. 9. Terms and Conditions for the Use of Acquisition Methods.** – The specific
11 terms and conditions including the limitations and restrictions, for the application of each of
12 the acquisition methods in this article shall be specified in the IRR.

13
14 **ARTICLE IV**
15 **ORGANIZATIONAL STRUCTURE**

16
17 **SEC. 10. Head of Acquisition Entity (HAE).** – The SND and the Bureau Heads shall
18 be the Head of the Acquisition Entity for the DND and their respective bureaus.

19
20 **SEC. 11. Office of the Defense Acquisitions (ODA).** – The ODA shall be created to
21 assist the Secretary of the National Defense in the implementation of this Act. The ODA shall
22 be headed by the Assistant Secretary for Defense Acquisitions who shall be assisted by at
23 least two (2) Directors under the Department of National Defense (DND).

24
25 **SEC. 12. Defense Acquisition Secretariat (DAS).** – There shall be a DAS, whose
26 organization and personnel plantilla positions shall be determined by the SND.

27
28 **SEC. 13. Defense Acquisitions Division (DAD).** – The DAD shall be a permanent
29 body composed of five (5) permanent members, with at least one (1) lawyer. The members of
30 DAD shall occupy plantilla positions with salary grades to be determined by the SND. There
31 shall also be two (2) alternate regular members and two (2) provisional members from the
32 end-user. The SND may create additional ad hoc Defense Acquisitions Committees (DACs)
33 as he deems appropriate and necessary in accordance with this Act. Bureaus of the DND shall
34 create their own permanent and ad hoc DACs in accordance with this Act. All members of
35 the DAC shall have appropriate competencies to be determined by the HAE, and shall
36 undergo a comprehensive training program.

37
38 **SEC. 14. Defense Acquisition Technical Assistance Office (DATAO).** – The
39 DATAO shall provide support to the Department in the performance of its duties and
40 responsibilities specified in this Act and its IRR. The DND shall determine the DATAO's
41 organizational structure and staffing. The DATAO shall be headed by a senior official of the
42 Department of good moral character, unquestionable integrity, and known probity, to be
43 designated by the SND. All other officials and employees of the DATAO shall be appointed
44 by the SND, upon favorable recommendation of the Chief, DATAO.

45
46 The DATAO shall provide research, technical and administrative support to the
47 Department, including: a) Research-based acquisition policy recommendations and rule-
48 drafting; b) Development and updating of generic acquisition manuals and standard bidding
49 forms; c) Management and conduct of training on acquisition systems and procedures; d)

1 Evaluation of the effectiveness of the government acquisition system and recommendation of
2 improvements in systems and procedures; e) Monitoring the compliance to this Act and
3 assisting Acquisitioning Entities improve their compliance; and f) Secretariat support.

SEC. 15. Professionalization of Acquisition Personnel. – The ODA shall establish a sustained training program to develop the capability of the Defense Acquisition Division (DAD), Defense Acquisition Secretariats, Project Management Teams (PMTs), and the Acquisition Units of Acquisitioning Entities, and professionalize the same. The HAE shall ensure that the DAD, its Secretariat and PMT members, including other relevant acquisitioning personnel are sent to attend acquisition training or capacity development program. Within six (6) months upon designation, the DAD, its Secretariat and PMT members should have satisfactorily completed such training or program conducted, authorized or accredited by the DATAO. The HAE is encouraged to attend similar acquisition training and capacity development activities.

SEC. 16. Project Management Team (PMT). – There shall be PMTs created to support the DAD which shall be composed of financial, legal and technical experts to assist in the acquisition process.

ARTICLE V ACQUISITION PROCEDURES

SEC. 17. Acquisition Requirements. – The acquisition requirements shall be determined in accordance with the DSOM process prescribed by the SND. The end user shall recommend the mode of acquisition for approval of the HAE.

The offer with the best calculated rating based on criteria/parameters including, but not limited to financial capacity, technical capabilities, additional technical capabilities of appropriate upgrade, and others such as life-cycle cost, after-sales support, willingness to transfer technology, warranty, perquisites and price.

SEC. 18. Awarding of Contract. – The DAC shall recommend award of contract to the supplier with the Best Rated Offer. The HAE shall be the signing authority to enter into a contract with the supplier with the Best Rated Offer.

SEC. 19. *Contract Implementation.* — The rules and guidelines for the implementation of contracts which includes but not limited to the delivery, acceptance test, extension of contract, variation of contract and payment shall be prescribed in the IRR. The rules and guidelines shall include standard general and special conditions for contracts.

SEC. 20. Contract Termination. – The rules and guidelines for the termination of contracts awarded pursuant to the provisions of this Act shall be prescribed in the IRR. The rules and guidelines shall include standard general and special conditions for contracts.

SEC. 21. Warranties. — In order to ensure the integrity of the materiel acquired and the supplier's obligation to repair or replace the same when warranted, a warranty security shall be required from the supplier for a period as specified in the contract.

SEC. 22. *Review and Assessment.* – The HAE may create an Acquisition Review Committee to assess the acquisition activities of the Department and its bureaus on a quarterly basis in accordance with the guidelines and procedures provided for in the IRR.

SEC. 23. Security and Confidentiality. – Whenever necessary, an offer or bidder may be required to sign a Non-Disclosure Agreement.

ARTICLE VI

SANCTIONS FOR DEFAULT

SEC. 24. *Liquidated Damages.* – All contracts executed in accordance with this Act and its IRR shall contain a provision on liquidated damages which shall be payable by the contractor or supplier in case of breach as specified in the contract.

SEC. 25. *Blacklisting.* – Corporations, companies, board members, single proprietorships, their principals, and duly authorized representatives or agents shall be blacklisted in accordance with the grounds and procedures as provided for in the IRR. The Period of Blacklisting shall be as follows:

- (a) 1st Blacklisting – five (5) years
 - (b) 2nd Blacklisting – Perpetual disqualification from participating in the acquisition process of the DND

Non-performance of obligation under warranty shall be a ground for blacklisting.

ARTICLE VII

SETTLEMENT OF DISPUTES

SEC. 26. *Protests on Decisions of the DAC.* – Decisions of the DAC in all stages of acquisition may be protested to the HAE and shall be in writing. Decisions of the DAC may be protested by filing a verified position paper and paying a non-refundable protest fee. The amount of the protest fee and the periods during which the protests may be filed and resolved shall be specified in the IRR.

The protests shall be resolved strictly on the basis of records of the DAC. The decisions of the HAE shall be final.

SEC. 27. Non-interruption of the Acquisition Process. – In no case shall any protest taken from any decision treated in this Article stay or delay the acquisition process.

SEC. 28. *Resort to Regular Courts; Certiorari.* – Court action may be resorted to only after the protests contemplated in this Article shall have been completed. Cases that are filed in violation of the process specified in this Act shall be dismissed for lack of jurisdiction. The Regional Trial Court shall have jurisdiction over final decisions of the HAE. Court actions shall be governed by Rule 65 of the 1997 Rules of Civil Procedure or its amendment as the case maybe and as applicable.

SEC. 29. Arbitration. – Any and all disputes arising from the implementation of a contract covered by this Act shall be submitted to arbitration in the Philippines according to

1 the provisions of Republic Act No. 876, otherwise known as the "Arbitration Law": Provided,
2 however, That, disputes that are within the competence of the Construction Industry
3 Arbitration Commission to resolve shall be referred thereto. The process of arbitration shall
4 be incorporated as a provision in the contract that will be executed pursuant to the provisions
5 of this Act: Provided, that by mutual agreement, the parties may agree in writing to resort to
6 alternative modes of dispute resolution.

SEC.30. Appeals. – The arbitral award and any decision rendered in accordance with the foregoing Section shall be appealable by way of a petition for review to the Court of Appeals. The petition shall raise pure questions of law and shall be governed by the Rules of Court.

ARTICLE VIII PENAL CLAUSE

SEC. 31. *Offenses and Penalties.* – The provisions of Republic Act No. 3019, otherwise known as the “Anti-Graft and Corrupt Practices Act”, and other pertinent penal laws shall be strictly applied against erring public officers or any person for action or inaction in violation of the provision or intent of this Act as the competent body or court may determine.

ARTICLE IX

CIVIL LIABILITY

SEC. 32. Civil Liability in Case of Conviction. – Without prejudice to administrative sanctions that may be imposed in proper cases, a conviction under this Act or Republic Act No. 3019 shall carry with it civil liability, which may either consist of restitution for the damage done or the forfeiture in favor of the government of any unwarranted benefit derived from the act or acts in question or both, at the discretion of the courts.

SEC. 33. *Liquidated Damages.* – All contracts executed in accordance with this Act shall contain a provision on liquidated damages which shall be payable in case of breach thereof. The amount thereof shall be specified in the IRR.

ARTICLE X

LEGAL ASSISTANCE

SEC. 34. Legal Assistance. —The legal office of the DND or its equivalent for DND bureaus, is authorized to represent in all stages of the case for the members of DAS, DAD, PMT and TWG or any or all persons involved in the procurement or acquisition process immediately upon receipt of Court Notice that a civil, criminal, or Ombudsman case, suit or proceeding is filed against them.

SEC. 35. *Private Legal Assistance.* – In case of inability of the legal office of the DND or its equivalent for DND bureaus, the Acquiring Entity shall provide for the lawyer's fee subject to guidelines as provided for under the IRR.

1
2 **ARTICLE XI**
3 **MISCELLANEOUS PROVISIONS**

4 **SEC. 36. Multi-Year contracts and Other Contractual Arrangements.** – For the
5 purpose of acquisitions under this Act, notwithstanding existing laws to the contrary, the
6 DND and its bureaus shall be authorized to enter into multi-year contracts and other multi-
7 year contractual arrangements; Congress shall, upon issuance of a multi-year obligation
8 authority by the DBM, make the corresponding appropriation for the ensuing fiscal years.
9

10 **SEC. 37. Issuance of Import Licenses and Other Licenses.** – All acquisition under
11 this Act shall be exempt from import and other licenses imposed by other agencies of the
12 government. In lieu thereof, the SND shall issue an Authority to Import and other
13 certification that the goods, services, systems and equipment being imported are acquired
14 pursuant to this Act.
15

16 **SEC. 38. Exemption from Custom Duties and other Taxes for Donated Goods.** –
17 The donation of defense equipment or items to the Department of National Defense, which
18 are directly and exclusively used for its projects, undertakings, activities, services and
19 programs under this Act, shall be exempted from custom duties and other taxes.
20

21 **SEC. 39. Acquisition of Units Deployed Overseas.** – Units deployed overseas such as
22 the DAFA, U.N. Peace-Keepers and the likes are authorized to acquire certain reasonable
23 requirements in connection with the discharge of their functions within the country where
24 they are deployed, subject to the guidelines provided for in the IRR.
25

26 **SEC. 40. Administration of the Revised AFP Modernization Act Trust Fund.** –
27 Section 11 of Republic Act No. 7898, otherwise known as the “AFP Modernization Act”, as
28 amended by Republic Act No. 10349, is hereby further amended to read as follows:
29

30 “SEC. 11. *The Revised AFP Modernization Act Trust Fund.* – x x x:

31 (a) x x x (b) x x x (c) x x x (d) x x x (e) x x x (f) x x x (g) x x x (h) x x x
32 (i) x x x (j) x x x

33 Funds from the foregoing sources, regardless of income source, shall be
34 directly deposited to a special account in the general fund created specifically
35 for the Revised AFP Modernization [importation of the same by the AFP shall
36 likewise be exempt from the value-added tax and customs duties.]

37 **PROGRAM. THE CORRESPONDING ALLOTMENT AND CASH**
38 **ALLOCATION SHALL BE RELEASED TO THE DND SUBJECT TO**
39 **THE SUBMISSION OF A SPECIAL BUDGET AND SUBJECT TO**
40 **SUBMISSION OF PERIODIC REPORT TO THE OVERSIGHT**
41 **COMMITTEE. THEREAFTER, THE CASH ALLOCATION SHALL**
42 **BE TRANSFERRED TO THE REVISED AFP MODERNIZATION**
43 **TRUST FUND WHICH SHALL BE ADMINISTERED BY THE**
44 **SECRETARY OF NATIONAL DEFENSE IN ACCORDANCE WITH**
45 **EXISTING GOVERNMENT BUDGETING AND AUDITING RULES**
46 **AND REGULATIONS. THE DND SHALL CONDUCT PERIODIC**
47 **STUDIES ON HOW TO MAXIMIZE THE UTILIZATION OF THE**
48 **TRUST FUND AND HOW ADDITIONAL REVENUES CAN BE**

1 **GENERATED TO FUND THE REVISED AFP MODERNIZATION
2 PROGRAM.”**

3 **SEC. 41. Exemption from Value-Added Tax, Customs Duties and other Taxes.** –

4 The sale and/or importation of weapons, equipment and ammunitions to and by the AFP,
5 which are directly and exclusively used for its projects, undertakings and activities and
6 programs under the Revised AFP Modernization Act, shall be exempt from the value added
7 tax, customs duties and other taxes.

9
10 **ARTICLE XII
11 FINAL PROVISIONS**

12 **SEC. 42. Joint Congressional Oversight Committee on Defense Acquisition.** – For

13 purposes of transparency and accountability, there shall be a Joint Congressional Oversight
14 Committee on Defense Acquisition.

15 **SEC. 43. Implementing Rules and Regulations.** – Within 60 days from the

16 promulgation of this Act, the necessary rules and regulations for the proper implementation
17 of its provisions shall be formulated by the DND. The said rules and regulations shall be
18 approved by the President of the Philippines. The President thru the Secretary of National
19 Defense is authorized to implement this Act, formulate and amend, whenever necessary, the
20 implementing rules and regulations and standard forms necessary for the implementation of
21 this Act, and issue supplemental regulations to hasten and facilitate the implementation of
22 this Act.

23 **SEC. 44. Rule of Interpretation.** – Rights and obligations existing on the date of

24 effectivity of this Act and arising out of contracts shall be governed by the original terms and
25 conditions of said contract or the law in force at that time such rights were vested.

26 **SEC. 45. Repealing Clause.** – All provisions of existing laws, orders and regulations

27 contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

28 **SEC. 46. Separability Clause.** – If any provision of this Act is declared invalid or

29 unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

30 **SEC. 47. Effectivity Clause.** – This Act shall take effect fifteen (15) days following

31 its publication in the Official Gazette or in two (2) newspapers of general circulation.

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35
36
37 *Approved,*