

# NEGOTIATED PROCUREMENT: DEFENSE COOPERATION AGREEMENTS AND INVENTORY-BASED ITEMS

## Overview

The Secretary of the Department of National Defense (DND) may directly negotiate with an agency or instrumentality of another country with which the Philippines has entered into a defense cooperation agreement or otherwise maintains diplomatic relations when the procurement involves major defense equipment or materiel or defense-related consultancy services, subject to the following conditions:



- a) The Secretary of the DND has deemed it necessary in order to protect the interest of the country;
- b) The expertise or capability required is not locally available; and
- c) The defense equipment or materiel or defense related consultancy services to be procured under these modes included in the AFP Modernization Program previously approved by the President of the Philippines.

In the interest of national security, the Secretary of the DND, or any of his authorized representative may also directly negotiate with a supplier or manufacturer in procuring inventory-based items, pertaining to major defense equipment or materiel, which are not necessarily limited to those under the AFP Modernization Program, subject to the following conditions:

- a) Direct negotiation will address compatibility, interoperability, and sustainability;
- b) The supplier or manufacturer has fully and satisfactorily implemented a contract of the same item with the DND, any of its bureaus or attached agencies, or law enforcement agencies; and
- c) The supplier or manufacturer shall provide performance security in accordance with the Act.

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The Law Enforcement Agencies (LEA) may utilize this mode when the aforementioned conditions are met.

The LEAs are as follows:

- a) Philippine National Police (PNP), including the PNP Maritime Group (PNP-MG), and the PNP Aviation Security Group (PNP-AVSEGROUP);
- b) Philippine Drug Enforcement Agency (PDEA);
- c) Bureau of Immigration (BI);
- d) Office for Transportation Security (OTS);
- e) Bureau of Fire Protection (BFP);
- f) National Bureau of Investigation (NBI);
- g) Presidential Security Group (PSG);
- h) National Police Commission (NAPOLCOM);
- i) Bureau of Jail Management and Penology (BJMP);
- j) Bureau of Corrections (BuCor); and
- k) Philippine Coast Guard (PCG).



The GPPB shall issue the guidelines for the implementation under this type of negotiated procurement with respect to the LEAs.

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