

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6630

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

- 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;

- 1
2 (i) **Best Rated Offer** refers to the offer with the best calculated rating based on
3 criteria/parameters including, but not limited to financial capacity, technical
4 capabilities, additional technical capabilities of appropriate upgrade, and others such
5 as life-cycle cost, after-sales support, willingness to transfer technology, warranty,
6 perquisites and price as determined by the end user;
7
8 (j) **Previous Supplier** refers to a juridical entity that has supplied the same defense
9 equipment, critical components, services and other critical requirements being
10 procured. The surviving or consolidated juridical entity resulting from a merger,
11 consolidation and acquisition shall be considered a previous supplier;
12
13 (k) **Request for Expression of Interest (REI)** refers to a letter inviting the pre-selected
14 suppliers identified by the Procuring Entity to be technically, legally and financially
15 capable to render services or to supply the requirements and construction of facilities
16 of the DND and its bureaus;
17
18 (l) **Resource Manager (RM)** refers to a designated senior executive official appointed
19 by the SND who is directly accountable to the SND for developing financially
20 realistic program, budget, and spending plan proposals that comply with the
21 centralized policy and planning direction provided by the SND; accomplishing
22 established programmatic and financial management objectives established by the
23 SND; and, reporting performance against the established objectives.
24

25 **ARTICLE II**
26 **ACQUISITION, PLANNING, BUDGETING AND EXECUTION**
27

28 **SEC. 6. Defense Acquisition Planning and Budgeting (DAPB).** – The DAPB is
29 collaboratively developed acquisition plan with realistic financial programs that meet
30 identified capability requirements in a timely manner. Only those priority needs and/or
31 crucial to the efficient discharge of functions shall be included in the DAPB.
32

33 **A. Preparation of Acquisition Plan and Budget (APB).** – The APB must be consistent with
34 the duly approved budget of the Department of National Defense and shall bear the approval
35 of the concerned HAE.
36

37 (a) **Short Term Acquisition Plan and Budget (SAPB).** – It is a 3-year defense
38 procurement program to be funded thru General Appropriations.
39

40 (i) For the AFP, the approving authority shall be the Chief of Staff,
41 Armed Forces of the Philippines.
42

43 (ii) For DND Civilian Bureaus, the approving authority shall be the Head
44 Bureaus.
45

46 (b) **Midterm Acquisition Plan and Budget (MAPB).** – A 5-year defense procurement
47 program to be funded thru General Appropriations and/or other sources as enumerated
48 in the AFP Modernization Program Act (RA7898, as amended by RA 10349). The
49 MAPB shall be approved by the Secretary of National Defense.
50

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

3
4 (a) **For Foreign Suppliers.** – The modes of payment shall be limited to Letters of
5 Credit and Electronic Wire Transfer.

6
7 (b) **For Local Suppliers.** – The modes of payment shall be limited to Local Letters of
8 Credit or Direct Payment.

9
10 **C. Budgetary Requirements.** – The Secretary of National Defense shall submit to the
11 President, Congress and Secretary of Budget and Management the required budgets for
12 defense procurement.

13
14 **D. Release of Funds by the Department of Budget and Management (DBM).** – The DBM
15 shall release the amounts to support the funding requirements for the acquisition of materiel,
16 systems, facilities and services of the DND proper and its bureaus in accordance with the
17 guidelines set forth by the DBM:

18
19 **E. Execution.** – The DND proper and its bureaus shall execute the allocated amount for the
20 acquisition of materiel, systems, ordnance, facilities and services in accordance with the
21 existing government accounting and auditing rules and regulations.

22
23 **F. Review.** – The Office of the Assistant Secretary for Financial Management (OASFM) shall
24 be responsible in the conduct of quarterly review and assessment of the financial performance
25 of the DND proper and its bureaus for the acquisition of the materiel, systems, facilities and
26 services based on the guidelines set forth in the Implementing Rules and Regulations (IRR).

27 28 **ARTICLE III** 29 **MODES OF ACQUISITION**

30
31 **SEC. 7. Modes of Acquisition.** – Subject to objective evaluation and approval of SND
32 and whenever justified by the conditions provided in this Act, the DND may, in order to
33 promote economy and efficiency, and in case of national emergency and calamity resort to
34 any of the following modes of acquisition:

35
36 **A. Procurement.** – The procurement of defense equipment maybe in any of the following
37 mode:

38
39 (a) **Open Competition** refers to a method of procurement which is open to
40 participation by any interested party or entity who can meet the specified
41 requirements. The procuring entity may enter into a framework agreement as
42 necessary.

43
44 (b) **Limited / Selective Competition** refers to a method of procurement that limits the
45 participants in the procurement process to known legitimate manufacturers/suppliers.
46 This mode is used mainly for security reasons; often where the requirements have
47 been deemed classified such that the same may not be disclosed freely through an
48 open competition. It involves direct invitation to at least two (2) manufacturers by the
49 Procuring Entity from the list of pre-selected suppliers with known experience and
50 proven capability. The pre-selection shall be based upon the capability and resources

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

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

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

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

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

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

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

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

(iii) 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.

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

B. Donation. – The DND and its attached bureaus may acquire items/equipment disposed gratuitously by private companies, institutions, local government units (LGUs), government 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
6 **SEC. 8. Acquisition for the Development of Self-Reliant Defense Posture (SRDP).** –
7 The negotiation for acquisition of defense projects services, system and facilities may also be
8 undertaken if the SND has determined that the security interest of the country is protected by
9 entering into in-country production with any foreign or local manufacturer.

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

14 15 **ARTICLE IV** 16 **ORGANIZATIONAL STRUCTURE**

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

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

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

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

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

46
47 The DATAO shall provide research, technical and administrative support to the
48 Department, including: a) Research-based acquisition policy recommendations and rule-
49 drafting; b) Development and updating of generic acquisition manuals and standard bidding
50 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.
4

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

16 **SEC. 16. Project Management Team (PMT).** – There shall be PMTs created to
17 support the DAD which shall be composed of financial, legal and technical experts to assist
18 in the acquisition process.
19

20 **ARTICLE V**

21 **ACQUISITION PROCEDURES**

22

23 **SEC. 17. Acquisition Requirements.** – The acquisition requirements shall be
24 determined in accordance with the DSOM process prescribed by the SND. The end user shall
25 recommend the mode of acquisition for approval of the HAE.
26

27 The offer with the best calculated rating based on criteria/parameters including, but
28 not limited to financial capacity, technical capabilities, additional technical capabilities of
29 appropriate upgrade, and others such as life-cycle cost, after-sales support, willingness to
30 transfer technology, warranty, perquisites and price.
31

32 **SEC. 18. Awarding of Contract.** – The DAC shall recommend award of contract to
33 the supplier with the Best Rated Offer. The HAE shall be the signing authority to enter into a
34 contract with the supplier with the Best Rated Offer.
35

36 **SEC. 19. Contract Implementation.** – The rules and guidelines for the
37 implementation of contracts which includes but not limited to the delivery, acceptance test,
38 extension of contract, variation of contract and payment shall be prescribed in the IRR. The
39 rules and guidelines shall include standard general and special conditions for contracts.
40

41 **SEC. 20. Contract Termination.** – The rules and guidelines for the termination of
42 contracts awarded pursuant to the provisions of this Act shall be prescribed in the IRR. The
43 rules and guidelines shall include standard general and special conditions for contracts.
44

45 **SEC. 21. Warranties.** – In order to ensure the integrity of the materiel acquired and
46 the supplier's obligation to repair or replace the same when warranted, a warranty security
47 shall be required from the supplier for a period as specified in the contract.
48

1 **SEC. 22. Review and Assessment.** – The HAE may create an Acquisition Review
2 Committee to assess the acquisition activities of the Department and its bureaus on a
3 quarterly basis in accordance with the guidelines and procedures provided for in the IRR.
4

5 **SEC. 23. Security and Confidentiality.** – Whenever necessary, an offer or bidder may
6 be required to sign a Non-Disclosure Agreement.
7

8 **ARTICLE VI** 9 **SANCTIONS FOR DEFAULT**

10 **SEC. 24. Liquidated Damages.** – All contracts executed in accordance with this Act
11 and its IRR shall contain a provision on liquidated damages which shall be payable by the
12 contractor or supplier in case of breach as specified in the contract.
13
14

15 **SEC. 25. Blacklisting.** – Corporations, companies, board members, single
16 proprietorships, their principals, and duly authorized representatives or agents shall be
17 blacklisted in accordance with the grounds and procedures as provided for in the IRR. The
18 Period of Blacklisting shall be as follows:
19

20 (a) 1st Blacklisting – five (5) years
21

22 (b) 2nd Blacklisting – Perpetual disqualification from participating in the acquisition
23 process of the DND
24

25 Non-performance of obligation under warranty shall be a ground for blacklisting.
26

27 **ARTICLE VII** 28 **SETTLEMENT OF DISPUTES**

29 **SEC. 26. Protests on Decisions of the DAC.** – Decisions of the DAC in all stages of
30 acquisition may be protested to the HAE and shall be in writing. Decisions of the DAC may
31 be protested by filing a verified position paper and paying a non-refundable protest fee. The
32 amount of the protest fee and the periods during which the protests may be filed and resolved
33 shall be specified in the IRR.
34
35

36 The protests shall be resolved strictly on the basis of records of the DAC. The
37 decisions of the HAE shall be final.
38

39 **SEC. 27. Non-interruption of the Acquisition Process.** – In no case shall any protest
40 taken from any decision treated in this Article stay or delay the acquisition process.
41

42 **SEC. 28. Resort to Regular Courts; Certiorari.** – Court action may be resorted to
43 only after the protests contemplated in this Article shall have been completed. Cases that are
44 filed in violation of the process specified in this Act shall be dismissed for lack of
45 jurisdiction. The Regional Trial Court shall have jurisdiction over final decisions of the HAE.
46 Court actions shall be governed by Rule 65 of the 1997 Rules of Civil Procedure or its
47 amendment as the case maybe and as applicable.
48

49 **SEC. 29. Arbitration.** – Any and all disputes arising from the implementation of a
50 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.

7
8 **SEC.30. Appeals.** – The arbitral award and any decision rendered in accordance with
9 the foregoing Section shall be appealable by way of a petition for review to the Court of
10 Appeals. The petition shall raise pure questions of law and shall be governed by the Rules of
11 Court.

12 13 **ARTICLE VIII** 14 **PENAL CLAUSE**

15
16 **SEC. 31. Offenses and Penalties.** – The provisions of Republic Act No. 3019,
17 otherwise known as the "Anti-Graft and Corrupt Practices Act", and other pertinent penal
18 laws shall be strictly applied against erring public officers or any person for action or inaction
19 in violation of the provision or intent of this Act as the competent body or court may
20 determine.

21 22 **ARTICLE IX** 23 **CIVIL LIABILITY**

24
25 **SEC. 32. Civil Liability in Case of Conviction.** – Without prejudice to administrative
26 sanctions that may be imposed in proper cases, a conviction under this Act or Republic Act
27 No. 3019 shall carry with it civil liability, which may either consist of restitution for the
28 damage done or the forfeiture in favor of the government of any unwarranted benefit derived
29 from the act or acts in question or both, at the discretion of the courts.

30
31 **SEC. 33. Liquidated Damages.** – All contracts executed in accordance with this Act
32 shall contain a provision on liquidated damages which shall be payable in case of breach
33 thereof. The amount thereof shall be specified in the IRR.

34 35 **ARTICLE X** 36 **LEGAL ASSISTANCE**

37
38 **SEC. 34. Legal Assistance.** –The legal office of the DND or its equivalent for DND
39 bureaus, is authorized to represent in all stages of the case for the members of DAS, DAD,
40 PMT and TWG or any or all persons involved in the procurement or acquisition process
41 immediately upon receipt of Court Notice that a civil, criminal, or Ombudsman case, suit or
42 proceeding is filed against them.

43
44 **SEC. 35. Private Legal Assistance.** – In case of inability of the legal office of the
45 DND or its equivalent for DND bureaus, the Acquisition Entity shall provide for the
46 lawyer's fee subject to guidelines as provided for under the IRR.

ARTICLE XI
MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

(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
(i) x x x (j) x x x

Funds from the foregoing sources, regardless of income source, shall be directly deposited to a special account in the general fund created specifically for the Revised AFP Modernization [importation of the same by the AFP shall likewise be exempt from the value-added tax and customs duties.]
PROGRAM. THE CORRESPONDING ALLOTMENT AND CASH ALLOCATION SHALL BE RELEASED TO THE DND SUBJECT TO THE SUBMISSION OF A SPECIAL BUDGET AND SUBJECT TO SUBMISSION OF PERIODIC REPORT TO THE OVERSIGHT COMMITTEE. THEREAFTER, THE CASH ALLOCATION SHALL BE TRANSFERRED TO THE REVISED AFP MODERNIZATION TRUST FUND WHICH SHALL BE ADMINISTERED BY THE SECRETARY OF NATIONAL DEFENSE IN ACCORDANCE WITH EXISTING GOVERNMENT BUDGETING AND AUDITING RULES AND REGULATIONS. THE DND SHALL CONDUCT PERIODIC STUDIES ON HOW TO MAXIMIZE THE UTILIZATION OF THE TRUST FUND AND HOW ADDITIONAL REVENUES CAN BE

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

3
4 **SEC. 41. *Exemption from Value-Added Tax, Customs Duties and other Taxes.*** –
5 The sale and/or importation of weapons, equipment and ammunitions to and by the AFP,
6 which are directly and exclusively used for its projects, undertakings and activities and
7 programs under the Revised AFP Modernization Act, shall be exempt from the value added
8 tax, customs duties and other taxes.
9

10 **ARTICLE XII**
11 **FINAL PROVISIONS**

12
13 **SEC. 42. *Joint Congressional Oversight Committee on Defense Acquisition.*** – For
14 purposes of transparency and accountability, there shall be a Joint Congressional Oversight
15 Committee on Defense Acquisition.
16

17 **SEC. 43. *Implementing Rules and Regulations.*** – Within 60 days from the
18 promulgation of this Act, the necessary rules and regulations for the proper implementation
19 of its provisions shall be formulated by the DND. The said rules and regulations shall be
20 approved by the President of the Philippines. The President thru the Secretary of National
21 Defense is authorized to implement this Act, formulate and amend, whenever necessary, the
22 implementing rules and regulations and standard forms necessary for the implementation of
23 this Act, and issue supplemental regulations to hasten and facilitate the implementation of
24 this Act.
25

26 **SEC. 44. *Rule of Interpretation.*** – Rights and obligations existing on the date of
27 effectivity of this Act and arising out of contracts shall be governed by the original terms and
28 conditions of said contract or the law in force at that time such rights were vested.
29

30 **SEC. 45. *Repealing Clause.*** – All provisions of existing laws, orders and regulations
31 contrary to or inconsistent with this Act are hereby repealed or modified accordingly.
32

33 **SEC. 46. *Separability Clause.*** – If any provision of this Act is declared invalid or
34 unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.
35

36 **SEC. 47. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days following
37 its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,