

**EXECUTIVE ORDER NO. 235**

**STREAMLINING THE RULES AND PROCEDURES OF DEFENSE CONTRACTS**

WHEREAS, in line with the government's program of good governance, there is a need to streamline procedures for defense contracts for the expeditious implementation of defense projects and the speedy response to security threats while promoting transparency, impartiality, and accountability in government transactions;

WHEREAS, to achieve the foregoing, the Task Force created by the undersigned to study the procurement process and fund disbursement system of the AFP has recommended the issuance of an Executive Order to streamline the rules and procedures on defense contracts;

NOW, THEREFORE, I GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**Section 1. *Signing and Approving Authority.*** Except for contracts required by law to be acted upon and/or approved by the President, the Secretary of National Defense shall have the authority to sign and/or approve Government contracts of the Department of National Defense and any of its bureaus, offices or agencies, before the Government contract shall be considered approved in accordance with law and binding on the Government; *Provided, however,* that the Secretary of National Defense may delegate in writing to appropriate officials, subject to appropriate ceilings, this authority to sign and/or approve a Government contract below Fifty Million Pesos (P50 Million), as he sees fit under the circumstances: *Provided, further,* that for Government contracts of the Armed Forces of the Philippines involving an amount below Fifty Million Pesos (50 Million), the Chief of Staff of the Armed Forces of the Philippines shall have full authority to sign the same.

**Section 2. *Creation of a Single GHQ BAC; Composition.*** In accordance with and subject to the provisions of law, for the purposes of the immediately preceding Section, the Armed Forces of the Philippines shall be considered as a procuring entity with respect to Government contracts pertaining to it, and it shall establish in its General Headquarters (GHQ) a single Bids and Awards Committee (BAC) to undertake all public biddings therein. The GHQ BAC shall be composed of the following members:

Regular Members:

1. Chairman, who is at least a third ranking permanent officer of the Armed Forces of the Philippines;



2. An officer, who is at least a fifth ranking permanent officer of the Armed Forces of the Philippines, with knowledge, experience, and/or expertise in procurement and, to the extent possible, represents the legal or administrative area of the Armed Forces of the Philippines;
3. An officer, who is at least a fifth ranking permanent officer of the Armed Forces of the Philippines, and, to the extent possible, represents the finance area of the Armed Forces of the Philippines;

Provisional Members:

4. An officer of the subordinate unit of the Armed Forces of the Philippines to which the procurement pertains, who has technical expertise relevant to the procurement at hand, and, to the extent possible, has knowledge, experience, and/or expertise in procurement; and
5. A representative from the end user unit who has knowledge of procurement laws and procedures.

The members of the BAC, including the Chairman and the Vice-Chairman, shall be designated by the Chief of Staff of the Armed Forces of the Philippines. Moreover, the Vice-Chairman shall be selected from among the regular members of the BAC.

Section 3. *BAC Secretariat; Technical Working Group.* The Chief of Staff of the Armed Forces of the Philippines shall create a Secretariat which shall serve as the main support unit of the BAC. He may designate an existing organic office within the GHQ to serve as Secretariat. However, he may reorganize any relevant unit within the GHQ by designating it as a BAC Secretariat and redeploying appropriate existing personnel to it to perform this function, as well as procurement related tasks. The Head of the BAC Secretariat shall be at least a fifth ranking permanent employee.

The BAC shall be supported by a Technical Working Group. For this purpose each subordinate unit of the Armed Forces of the Philippines shall maintain a pool of technical, financial and legal experts, which pool may be called upon by the BAC, depending on the type of procurement involved, to assist in the procurement process, particularly in the review of bidding documents, in the eligibility screening, evaluation of bids and post-qualification.

Section 4. This Executive Order takes effect immediately.

11 September 2003

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By the President:

*Alberto G. Romulo*  
**ALBERTO G. ROMULO**  
Executive Secretary



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