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**MALACAÑANG  
MANILA**

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 201**

**PROVIDING ADDITIONAL POLICIES AND GUIDELINES IN THE  
PROCUREMENT OF GOODS AND SUPPLIES BY THE NATIONAL  
GOVERNMENT**

**WHEREAS**, the increasing prevalence of information technology in commercial transactions requires corresponding changes in existing procurement procedures;

**WHEREAS**, recent developments in information technology provide alternative means of procurement using the convenience and cost-effectiveness of electronic and telecommunications technology;

**WHEREAS**, the Armed Forces of the Philippines (AFP) Modernization Act of 1995 mandates the Department of National Defense (DND)-AFP to strengthen its systems and procedures for equipment acquisition, taking into account new requirements under the AFP Modernization Program;

**WHEREAS**, international defense procurement procedures involving sophisticated defense equipment and weapons systems allow the submission of bids without a bid bond but with other forms of security, such as the sovereign guarantee by the bidder's government;

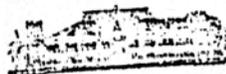
**WHEREAS**, there is a need to allow DND-AFP to adopt procurement procedures that will enable it to procure the best equipment and weapons systems that its modernization funds can afford from the market;

**NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA**, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

**SECTION 1.** Section 1 of Executive Order No. 302, series of 1996, is hereby amended to read as follows:

"SECTION 1. A set of rules and regulations covering contracts for the procurement of goods and supplies for both project-related and normal/regular operation and maintenance activities of the National Government be adopted for the following purposes:

- a. to purchase goods of acceptable quality at fair and reasonable prices from qualified and capable suppliers/manufacturers/distributors, with on time delivery and satisfactory compliance of all contract terms and conditions;



- b. to assure fair and equitable treatment of suppliers/ manufacturers/distributors, including arrangements for prompt payments;
- c. to accomplish procurement through open competitive bidding in the interest of economy and efficiency;
- d. to adopt procurement procedures that utilize information technology; and
- e. to maintain and collect data for refinement of procurement policies and procedures based on experiences gained."

**SEC. 2.** Solely for purposes of procurement involving sophisticated defense equipment and weapons systems under the AFP Modernization Program, DND-AFP is hereby authorized to accept bids with alternative bid securities such as, but not limited to, the sovereign guarantee of the bidder's government.

**SEC. 3.** The Committee on Infrastructure (INFRACOM) of the NEDA Board shall, subject to approval of the President, formulate and promulgate the rules and regulations to implement the amendment to Executive Order No. 302, series of 1996, embodied in Section 1 of this Executive Order.

**SEC. 4.** The Secretary of National Defense shall issue rules and regulations to implement Section 2 of this Executive Order.

**SEC. 5.** If any provision of this Executive Order and its implementing rules and regulations is held invalid, the other provisions not affected thereby shall remain valid and continue in operation.

**SEC. 6.** All other orders, memorandum circulars, rules and regulations, and other issuances inconsistent with this Executive Order are hereby repealed or modified accordingly.

**SEC. 7.** This Executive Order shall take effect immediately.

**DONE** in the City of Manila, this <sup>8<sup>th</sup></sup> day of January in the year of Our Lord, Two Thousand.

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Received

**JAN 24 2000**

Date

By the President:

**RONALDO B. ZAMORA**  
Executive Secretary



*[Handwritten signature]*

