



SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

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SENATE
P.S. Resolution No. 1245

RECEIVED BY: *J*

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON NATIONAL DEFENSE AND SECURITY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPLEMENTATION OF THE REVISED ARMED FORCES OF THE PHILIPPINES (AFP) MODERNIZATION PROGRAM, PARTICULARLY THE ALLEGED IRREGULARITIES IN THE PROCUREMENT OF EQUIPMENT, INCLUDING THE REPORTED ANOMALOUS CONTRACT AND DEFECTIVE CHOPPERS BOUGHT BY THE DEPARTMENT OF NATIONAL DEFENSE (DND) IN 2013 FOR THE AFP MODERNIZATION PROGRAM

Whereas, Republic Act No. 7898, otherwise known as "An Act Providing for the Modernization of the Armed Forces of the Philippines and for Other Purposes" or the "AFP Modernization Act" was approved on February 1995 with the aim to "modernize the Armed Forces of the Philippines (AFP) to a level where it can effectively and fully perform its constitutional mandate to uphold the sovereignty and preserve the patrimony of the Republic of the Philippines";

Whereas, Section 6 of the said law provided for that the modernization program shall be implemented over a period of fifteen (15) years;

Whereas, absent the full realization of a modernized AFP after the implementation period, Republic Act No. 10349 entitled, "An Act Amending Republic Act No. 7898, Establishing the Revised AFP Modernization Program and for Other Purposes" was approved on December 2012;

Whereas, RA 10349 provides at least Seventy-Five Billion Pesos (P75,000,000,000.00) for the first five (5) years of the Revised AFP Modernization Program;

Whereas, according to the DND, there will be three (3) phases of the 15-year period of the AFP modernization: (1) First Horizon which covers 2014-2017 and was allotted with P90.858 billion; (2) Second Horizon which covers 2017-2023 and would require more than P90 billion; and, (3) Third Horizon which covers 2024-2028;

Whereas, the First Horizon includes thirty-three (33) projects regarding "acquisition of warships, fighter jets, helicopters, air radar system and other military hardware";

Whereas, according to Defense Undersecretary Fernando Manalo, P13.4 billion was needed for 2014 and almost P10 billion was already released;

Whereas, there are allegations that the budget released for the AFP modernization in the recent years were used to purchase obsolete and decommissioned

war materiel, contrary to the provision of RA 10349 that the AFP should acquire "new equipment and weapons system" that "shall be synchronized with the phase-out of uneconomical and obsolete major equipment and weapons systems in the AFP inventory";

Whereas, one of the projects under the Revised AFP Modernization Program is the acquisition of twenty one (21) units of refurbished UH-1 helicopters in the amount of P1,264,977,615.22 to include Integrated Logistics Support (ILS) package worth P60,000,00.00;

Whereas, the said aircrafts will be used for search and rescue efforts and should be delivered within six (6) months after the awarding of the contract;

Whereas, after three (3) failed biddings, the Department of National Defense (DND) proceeded with a negotiated bidding with a joint venture of American company Rice Aircraft and Canadian firm Eagle Copters Ltd.;

Whereas, according to reports, "the negotiation for the contract was headed by Fernando Manalo, Defense undersecretary for finance, munitions, installation and materiel" and the contract was approved by Secretary Voltaire Gazmin of the Department of National Defense in 2013;

Whereas, there are reports that said aircrafts are bereft of technical capabilities that will enable our Air Force to fulfil their tasks and responsibilities;

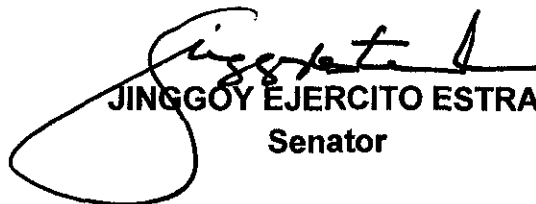
Whereas, there are also allegations of irregularities in the bidding and negotiation of the contract, with some senior DND officials and PAF officers allegedly received "kickback" or "commissions" from the said project;

Whereas, there is a need to review the said project to ensure that the government has not entered a lopsided deal and that the people's money is well spent;

Whereas, considering the country's limited financial resources and escalating defense and security needs, this matter should be immediately addressed and given remedy, if necessary, to avoid similar irregularities and anomalies in the remaining years of implementation of the Revised AFP Modernization Program;

THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED by the Senate, that the Senate Committee on National Defense and Security, conduct an inquiry, in aid of legislation, on the implementation of the Revised Armed Forces of the Philippines (AFP) Modernization Program, particularly the alleged irregularities in the procurement of equipment, including the reported anomalous contract and defective choppers bought by the Department of National Defense (DND) in 2013 for the AFP Modernization Program

Adopted,


JINGGOY EJERCITO ESTRADA
Senator