

July 10, 1980

LETTER OF INSTRUCTIONS NO. 1042

TO : *The Minister of National Defense*
The Minister of the Budget
The Chief of Staff, Armed Forces of the Philippines
The Chairman, Commission on Audit

WHEREAS, it is necessary for the Philippine Air Force (PAF) to secure its requirements for aircraft parts and assembly, chemicals, petroleum, oil and lubricant products, and other supplies and materials from foreign and local suppliers;

WHEREAS, the procurement system utilizing local representatives or middlemen has resulted in increased acquisition costs for various defense articles needed to keep the weapon system in a high state of operational readiness;

WHEREAS, the unreasonable delays in obtaining procurement authority for various logistics requirements would adversely affect the operational effectiveness of the PAF;

WHEREAS, the routine requirements for such weapons systems and aerospace ground equipment are determinable and programmable and are duly funded in the annual PAF operating budget;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, do hereby Order and Instruct:

1. Supply Support Agreements (SSA) with foreign manufacturers or their duly authorized sole distributor on any item of supply shall be established to meet routine and recurring logistics requirements for defense articles to operate and maintain existing weapons systems and aerospace ground equipment of the PAF. The implementation and approval of these SSAs is assigned to the Minister of National Defense, who shall however, submit a monthly report to the President on SSAs approved or renewed.
2. Funds support for the procurement of such defense articles shall be drawn from the expenditure program of the PAF and must be within the limit of appropriations for the PAF in the General Appropriations Act that are programmed and available for the purpose.
3. Commitments entered into for SSAs shall not aggregate, in any one year, more than one year's requirements for materials and supplies concerned. However, purchases of supplies and materials other than petroleum, oil and lubricants, ammunition, and aircraft parts and assembly shall continue to be subject to Sec. 84 of P.D. No. 1177 which limits stock on hand to three month's requirements.
4. Except as may be approved by the President, no funds may be used to acquire new weapons systems or aerospace ground equipment not included in the present inventory of PAF.
5. Transactions on SSAs that do not exceed one year's requirements are hereby exempted from the provisions of LOI No. 774 requiring individual approval of releases by the President.

6. Funds appropriated in a given fiscal year, when validity obligated on the basis of perfected SSA contracts, may be used to pay for deliveries received in the succeeding fiscal year.
7. The Minister of National Defense shall promulgate rules for the establishment of the Supply Support Agreements, including policies for periodic review, administration and renewal of contracts.
8. Letter of Instruction No. 1008 and all provisions of existing Executive issuances which are in conflict with these Instructions are hereby repealed or amended accordingly.

Done in the City of Manila, this 10th day of July, in the year of Our Lord, nineteen hundred and eighty.