

Status of the Frigate Acquisition Project for the Philippine Navy

The decision memorandum for the acquisition of two missile-capable frigates for the Philippine Navy was issued on 13 October 2015. The project used the public bidding mode of procurement, following the technical specifications provided by the Philippine Navy as the end-users.

Four (4) companies participated in the bidding, with Garden Reach Shipbuilders and Engineer (GRSE) as the lowest calculated bidder and Hyundai Heavy Industries (HHI) as the 2nd lowest calculated bidder. Per open public bidding conducted, the bid price offered by the GRSE was Php 15,047,704,000.00 while HHI's bid was Php 15,744,571,584.00.

Defense Secretary Delfin N. Lorenzana signed the Notice of Award in favor of HHI on 18 August 2016 after the South Korean company has been declared the Lowest Calculated Responsive Bidder (LCRB) for the project, following the disqualification of GRSE during the post qualification. The GRSE was declared post-disqualified on 30 April 2016 for failure to meet the Net Financial Contracting Capacity (NFCC) requirement of the project. HHI received the Notice to Proceed from the DND on 13 December 2016.

On 25-29 September 2017, a workshop for the critical design review of the Frigate Acquisition Project was conducted. The result of this workshop was then presented to the steering committee headed by Undersecretary for Finance, Munitions, Installations and Materiel Raymundo DV Elefante.

On 6 October 2017, the Assistant Secretary for Acquisitions, Installations, and Logistics (ASAIL) received a copy of the Philippine Navy's position paper on the selection of the Combat Management System (CMS), which the Department studied. As of this writing, the Secretary has instructed the AFP to proceed with the implementation of the project pursuant to the provisions of the contract with HHI.

We would like to emphasize that all the bids and awards committee meetings in the DND are open, with third-party observers, such as members of the media, invited to attend. This is to show that our modernization process is aboveboard and we have nothing to hide. In addition, the Philippine Navy has been part of the acquisition process from Day 1, and it was upon their recommendation that the Secretary of National Defense approved the project. ###