



Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**CENTRAL OFFICE**  
Bonifacio Drive, Port Area, Manila

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DEPARTMENT MEMORANDUM )


CIRCULAR NO. **73** )  
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FOR / TO : Undersecretaries  
Assistant Secretaries  
Service Directors  
Bureau Directors  
Regional Directors  
Heads of UPMOs  
District Engineers  
This Department

For information and guidance, attached is a certified copy of Administrative Order No. 14 dated December 10 2018 re: **"CONSOLIDATING AND RATIONALIZING THE RULES ON THE ACQUISITION OF GOVERNMENT MOTOR VEHICLES, ADOPTING A CENTRALIZED SYSTEM OF PROCUREMENT THEREFOR, AND FOR OTHER PURPOSES"**.

A copy of said Administrative Order may also be downloaded from the **DPWH website: <http://dpwhweb>**. If an office cannot access the DPWH website, a hard copy may be obtained from the Records Management Division, HRAS, upon request.

For dissemination to all concerned.

  
**B. ELIZABETH E. YAP, Ph.D., CESO II**  
Assistant Secretary for Support Services

Encl: Administrative Order No. 14 dated December 10, 2018

cc: Office of the Secretary

10.1.4 MKBA/RPE



MALACAÑAN PALACE  
MANILA

**BY THE PRESIDENT OF THE PHILIPPINES**

**ADMINISTRATIVE ORDER NO.14**

**CONSOLIDATING AND RATIONALIZING THE RULES ON THE  
ACQUISITION OF GOVERNMENT MOTOR VEHICLES, ADOPTING A  
CENTRALIZED SYSTEM OF PROCUREMENT THEREFOR, AND FOR  
OTHER PURPOSES**

**WHEREAS**, motor vehicles are indispensable for the efficient and effective performance and delivery of essential government services;

**WHEREAS**, Administrative Order (AO) No. 233 (s. 2008) was promulgated to: (i) prohibit the acquisition and use of luxury motor vehicles in all national government agencies (NGAs), including government-owned or -controlled corporations (GOCCs), government financial institutions (GFIs) and state universities and colleges (SUCs), as well as local government units (LGUs); and (ii) ensure that the acquisition of government motor vehicles is guided by the principles of functional suitability, affordability and practicability, in keeping with the highest standards of parsimony and efficiency in public spending;

**WHEREAS**, AO No. 15 (s. 2011) amended AO No. 233 with respect to the evaluating, recommending and approving authorities on requests for acquisition of government motor vehicles;

**WHEREAS**, current trends and recent developments in the automotive industry have rendered existing guidelines on the technical specifications of government motor vehicles outdated;

**WHEREAS**, there is a need to further streamline and rationalize the approval process for requests to acquire government motor vehicles, in keeping with the principles of economy, efficiency, and checks and balances;

**WHEREAS**, Section 3 of Republic Act (RA) No. 9184, or the "Government Procurement Reform Act," provides that all procurement of the national government and local government units shall, in all cases, be governed by the principles of transparency, competitiveness, uniformity, simplicity, adaptability and accountability;

**WHEREAS**, a centralized procurement system is appropriate and consistent with the objective of the government to adopt economies of scale in its operations by purchasing from legally, technically and financially capable sources in economic lot sizes, by observing cost-efficient specifications and by making prompt payment;

**WHEREAS**, the Procurement Service of the Department of Budget and Management (DBM-PS), pursuant to its mandate to implement and operate a central procurement system on behalf of all government agencies under Executive Order (EO) No. 285 (s. 1987), as amended, and acting as the procurement agent of various government procuring entities, has been involved with the procurement of common-use supplies, materials, equipment and other consumables;

**WHEREAS**, under Sections 1 and 2, Title XVII, Book IV of EO No. 292 (s. 1987) or the "Administrative Code of 1987," the Department of Budget and Management (DBM) shall, as the agency responsible for the efficient and sound utilization of government funds and revenues to effectively achieve the country's development objectives, assist the President in the achievement of more economy and efficiency in the management of government operations; and

**WHEREAS**, Section 17, Article VII of the 1987 Constitution, provides for the President's power of control over executive departments, bureaus and offices;

**NOW, THEREFORE, I, RODRIGO ROA DUTERTE**, President of the Philippines, by virtue of the powers vested in me by the Constitution and existing laws, do hereby order:

**Section 1. Statement of Policy.** The National Government hereby adopts a policy of procuring in the most efficient and economic manner, motor vehicles that are cost effective, fuel-efficient and environment-friendly, and at par with improvements and developments in the automotive industry and relevant technology.

**Section 2. Coverage.** This Order shall cover NGAs under the Executive Branch, including GOCCs, GFIs, and SUCs, as well as LGUs.

For purposes of this Order, the term "motor vehicle" shall refer to:

- a. Any self-propelled, four (4) wheeled road vehicle including, but not limited to, sedans, coupes, station wagons, convertibles, pick-ups, vans, assembled owner- or passenger-type jeeps/jitneys/jeepneys, sports utility vehicles (SUVs), Asian Utility Vehicles (AUVs), crossover utility vehicles (CUVs) and multi-purpose vehicles (MPVs);
- b. Motorcycles;
- c. Delivery trucks, fire trucks, dump trucks and buses;
- d. Heavy equipment such as bulldozers, payloaders, graders, forklifts, amphibian trucks and cranes;
- e. All-terrain vehicles, armored vehicles and specific-purpose vehicles;
- f. Aircraft; and
- g. Motorized bancas, motorized boats and seacraft, as may be defined in relevant laws and issuances.

**Section 3. Reiterating the Prohibition on the Acquisition and Use of Luxury Vehicles.** All government agencies are prohibited from acquiring and/or using luxury vehicles for their operations.

For purposes of this Order, a "luxury vehicle" shall refer to any of the following:

- a. Car (sedan or hatchback) with an engine displacement exceeding 2500cc, if gasoline-fed; or 3500cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders;

- b. Passenger van or pick-up type vehicle with an engine displacement exceeding 2500cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders;
- c. AUV/CUV/MPV with an engine displacement exceeding 2500cc, if gasoline-fed; or 2800cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders; or
- d. SUV with an engine displacement exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4) cylinders.

**Section 4. Vehicles Not Covered.** The acquisition of the following motor vehicles is not covered by this Order:

- a. Vehicles used for security reasons and purposes for the President and Vice-President;
- b. Vehicles donated in kind to the Philippine Government or any of its agencies and instrumentalities by foreign governments, and bilateral and multilateral institutions;
- c. Vehicles used for visiting foreign dignitaries maintained by the Office of the President-Proper and the Department of Foreign Affairs; and
- d. Vehicles acquired using funds from existing official development assistance programs according to the terms thereof.

**Section 5. Approving Authorities.** The following rules shall govern the approving authorities for the acquisition of government motor vehicles:

- a. The Secretary of Budget and Management is hereby authorized to approve the following:
  - 1. Requests of government offices, including GOCCs, GFIs and SUCs, whether or not attached to a department, for the acquisition of the following types of motor vehicles, chargeable against their respective appropriations authorized for this purpose:
    - i. Specific-purpose vehicles, such as medical ambulances, military and police patrol vehicles, armored vehicles, prisoners' vans, and fire trucks;
    - ii. Heavy equipment, such as road construction equipment, cargo transport equipment, farm machinery, waste management/ environmental sanitation equipment and similar vehicles/equipment;
    - iii. Locally-assembled owner- or passenger-type jeeps;
    - iv. Motorized bancas/boats;
    - v. Vehicles for mass transport when necessary in the interest of public service; and
    - vi. Motorcycles and tri-wheel vehicles;
  - 2. Requests of departments, the agencies, GOCCs and GFIs attached thereto, and SUCs, for the acquisition of motor vehicles;
  - 3. Requests of LGUs for the acquisition of any of the motor vehicles enumerated under Section 5(a)(1), if the budgetary source shall be National Government funds under the General Appropriations Act.

- b. Local Chief Executives, including *Punong Barangays*, are hereby authorized to approve requests of their respective LGUs for the acquisition of any of the motor vehicles enumerated under Section 5(a)(1), if the budgetary source shall be the LGU's unencumbered local funds;
- c. The Secretary of the Interior and Local Government is hereby authorized to approve requests of LGUs for the acquisition of motor vehicles not enumerated under Section 5(a)(1), regardless of the source of funds;
- d. Other requests for acquisition of government motor vehicles not covered under sub-paragraphs (a) to (c) of this Section, including all types of aircraft and seacraft other than motorized bancas/boats, shall be submitted to the Secretary of Budget and Management for evaluation, who shall submit his recommendation to the Office of the President as approving authority for such requests.

**Section 6. Centralized Procurement of Government Motor Vehicles.** The procurement of motor vehicles for use by NGAs, GOCCs, GFIs and SUCs, as well as LGUs, shall remain subject to the recommendation and approval requirements herein prescribed.

If the motor vehicle that has been approved for acquisition by the relevant authority falls under any of the following purposes, the actual procurement thereof shall be conducted in a centralized manner through the DBM-PS, in accordance with the pertinent provisions of RA No. 9184 and its implementing rules and regulations, and other relevant laws and issuances:

- a. Exercise of executive functions;
- b. Transport of personnel, equipment, supplies, products and materials;
- c. Transport of sick and/or injured persons;
- d. Patrol operations; and
- e. Firefighting operations.

Except for motor vehicles used exclusively for the internal and external safety or defense of the State, and requiring highly-specialized and customized specifications, the Secretary of Budget and Management is hereby authorized to identify and include in the above list other motor vehicles of specific uses not mentioned.

Nothing in this Section shall be construed to restrict or prohibit any government agency from engaging the services and expertise of the DBM-PS in procuring their motor vehicle requirements for uses not identified above.

**Section 7. Preference for Alternative Fuels.** All government offices, including GOCCs, GFIs, SUCs and LGUs, are encouraged to dedicate a percentage of their vehicular requirements to the purchase of motor vehicles using alternative fuel types such as biofuels, flexi-fuel, natural gas, and solar and electric power.

**Section 8. Funding.** The funds necessary for the procurement of government motor vehicles shall be incorporated by the agencies concerned in their respective annual or corporate operating budgets, or appropriation ordinances. The usual procurement planning and budgeting prescribed by existing laws and regulations shall continue to be observed.

The funding requirements for the expanded functions of the DBM-PS shall be charged against appropriate funds for the purpose, as determined by the DBM. Henceforth, appropriations for the implementation of this Order shall respectively be included in the annual budget of the DBM-PS, subject to the usual budget preparation process.

**Section 9. Implementing Rules and Regulations.** Within sixty (60) calendar days from the effectivity of this Order, the DBM and the Government Procurement Policy Board (GPPB), in coordination with concerned agencies, shall issue the respective rules and regulations to effectively implement this Order, as follows:

- a. The DBM, on the specific guidelines on the approval of requests for acquisition of motor vehicles, and the typology, classification and specifications of motor vehicles; and
- b. The GPPB, on the centralized procurement of motor vehicles.

Further, the DBM and the GPPB are authorized to revise the said rules and regulations consistent with this Order, provided that the same shall lead to the acquisition by agencies of motor vehicles that are more cost-effective, fuel-efficient and environment-friendly in the long run, as well as at par with the improvements and developments in the automotive industry and relevant technology.

**Section 10. Separability.** Should any section or portion of this Order be declared unconstitutional or invalid, the other sections or provisions not otherwise affected shall remain in full force and effect.

**Section 11. Repeal.** All orders, proclamations, rules, regulations or parts thereof, which are inconsistent with this Order are hereby revoked, amended or modified accordingly.

**Section 12. Effectivity.** This Order shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation.

**DONE**, in the City of Manila, this **10th** day of **December**, in the year of Our Lord, Two Thousand and Eighteen.

By the President:

*Rodolfo Duterte*



*[Signature]*  
**SALVADOR C. MEDIALDEA**  
Executive Secretary



5

