

**[DBM NATIONAL BUDGET CIRCULAR NO. 489,
August 11, 2003]**

**GUIDELINES FOR THE SECOND PHASE IMPLEMENTATION OF THE
NEW SALARY STRUCTURE FOR OFFICERS AND ENLISTED
PERSONNEL OF THE AFP**

1.0 Purpose

This Circular is being issued to prescribe rules and regulations to govern the second phase implementation of the new salary structure for the officers and enlisted personnel of the AFP pursuant to Section 2 of Republic Act (RA) No. 9166, "An Act Promoting the Welfare of the Armed Forces of the Philippines by Increasing the Rate of Base Pay and other Benefits of its Officers and Enlisted Personnel, and for Other Purposes"; and RA No. 9206, the FY 2003 General Appropriations Act (GAA).

2.0 Coverage

This Circular shall cover all officers and enlisted personnel of the AFP who are in the active service, cadets of the Philippine Military Academy, officer candidates and candidate soldiers.

3.0 Policy Statements

3.1 Section 2 of RA 9166 provides for an increase in the rate of base pay of officers and enlisted personnel of the AFP and provides for the equivalent Salary Grades (SGs) for each rank in the AFP hierarchy.

3.2 Section 13 of the Implementing Rules and Regulations (IRR) of RA 9166 provides that the increase in base pay shall be implemented in three (3) phase as follows:

- Effective October 1, 2002 at 20% of the increment cost;
- Effective January 1, 2003, an additional 30% of the increment cost;
and
- Effective January 1, 2004, the last 50% of the increment cost.

3.3 Section 14 of the same IRR provides that the amount necessary for the first phase implementation of the increase in base pay shall be charged against the appropriations savings of each Major Services/Key Budgetary Units (KBUs) of the AFP. The same was likewise provided under Section 6 of NBC 483 dated October 29, 2002, prescribing the guidelines for the said initial implementation equivalent to 20% of the base pay increase/increment cost.

3.4 RA 9206, the FY 2003 GAA, provides the amount of Two Billion Nine Hundred Million pesos (P2,900,000,000) for the first and second phase implementation of the new salary structure which is equivalent to twenty percent (20%) and thirty percent