

**[DND DEPARTMENT CIRCULAR NO. 03, S. 2013,
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**ISSUING THE IMPLEMENTING GUIDELINES, RULES AND
REGULATIONS OF THE REVISED ARMED FORCES OF THE
PHILIPPINES MODERNIZATION ACT**

Chapter 1. GENERAL PROVISIONS

ARTICLE 1.1 General Policies, Guidelines and Objectives

1.1.1. Pursuant to Republic Act (RA) No. 10349, An Act Amending Republic Act No. 7898, Establishing the Revised AFP Modernization Program and for Other Purposes, it is the policy of the State to modernize the 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.

1.1.2. The Revised AFP Modernization Program shall have the following objectives:

(a) To develop the capability of the AFP to uphold the sovereignty and territorial integrity of the Republic and to secure the national territory from all forms of intrusion and encroachment;

(b) To develop its capability to assist civilian agencies in the preservation of the national patrimony, including the country's living and nonliving marine, submarine, mineral, forest and other natural resources located within its territory and its exclusive economic zone;

(c) To enhance its capability to fulfill its mandate to protect the Filipino people not only from armed threats but from the ill effects of life-threatening and destructive consequences of natural and man-made disasters and calamities, including typhoons, earthquakes, volcanic eruptions, major accidents in far-flung or inaccessible terrain or at sea and from all forms of ecological damage;

(d) To improve its capability to assist other agencies in the enforcement of domestic and foreign policies as well as international covenants against piracy, white slavery, smuggling, drug trafficking, hijacking of aircraft and sea craft and the transport of toxic and other ecologically harmful substances taking place in or through Philippine territory;

(e) To enhance its capability in the conduct of Internal Security Operations (ISO), particularly in the suppression of insurgency and other serious threats to national security;

(f) To enhance its capability to fulfill the country's international commitments;

(g) To develop its capability to support national development; and

(h) To develop and transform the AFP into a multi-mission oriented force capable of effectively addressing internal and external security threats.

1.1.3 Pursuant to RA 10349, the Revised AFP Modernization Program shall have the following components:

- (a) Force Restructuring and Organization Development;
- (b) Capability, Materiel, and Technology Development;
- (c) Bases/Support System Development;
- (d) Human Resource Development;
- (e) Doctrines Development

1.1.4. The Revised AFP Modernization Program shall be implemented over a period of fifteen (15) years from 2013. However, payments for amortization of outstanding multi-year contract obligations incurred under the Revised AFP Modernization Act may extend beyond this period.

1.1.5. Core purpose of the AFP is to secure the sovereignty of the state and the integrity of the national territory. The AFP is the protector of the people and the state.

Through the implementation of RA 10349, the AFP primarily focuses to develop a credible defense posture that has a fully mission-capable regular and reserve force. Complementing the new law, the AFP shall likewise build its capabilities in joint strategic and operations planning, a systematic joint logistics support to empower Unified Commands, strengthen security alliances and partnerships with other countries, and institute new mechanisms for responsive, joint, combined and coordinated interagency operations.

1.1.5.1. Security Concerns

The Revised AFP Modernization Program strategically considers the current security environment and future security challenges. The Core Security Concerns are:

- a. Challenges to Territorial Integrity
- b. Maritime Security
- c. Natural Disasters
- d. Internal Security
- e. Cyber Security

1.1.5.2. Strategic Objectives

The following are the AFP strategic objectives to be pursued in line with RA 10349:

- a. Maintain sovereignty, defend territorial integrity and secure maritime interests;
- b. Achieve internal peace and security;
- c. Support national development and undertake disaster risk reduction and management operations;
- d. Contribute to regional and international peace and stability; and
- e. Pursue AFP Transformation.

1.1.5.3. Mission Areas

The AFP Mission Areas include:

- a. Territorial Defense, Security and Stability
- b. Disaster Risk Reduction and Response

- c. International Engagements, Humanitarian Assistance and Peace Support Operations
- d. Force-level C2, Support and Training

Art. 1.2 Purpose and Coverage

1.2.1 These Implementing Guidelines, Rules and Regulations (IGRRs) shall govern the implementation of all programs and projects under the Revised AFP Modernization Act.

1.2.2 Chapter 8 of these IGRRs govern the Revised AFP Modernization Act Trust Fund.

1.2.3 DND Department Circular No. 11 of 01 July 2011, prescribing the functions and responsibilities under the Defense System of Management (DSOM), including the Defense Strategic Planning System (DSPS), the Defense Capability Assessment and Planning System (DCAPS), the Defense Acquisition System (DAS), the Defense Resources Management System (DRMS) are hereby adopted in the Program Components in Article 1.1.3.

Art. 1.3 Definition of Terms

For purposes of and as used in these IGRRs, the terms hereunder shall be construed as follows:

1.3.1 "AFP" refers to the Armed Forces of the Philippines.

1.3.2 "Revised AFP Modernization Act" refers to RA 10349 which was enacted into law on December 11, 2012.

1.3.3 "Revised AFP Modernization Act Trust Fund" or "Revised AFPMATF" refers to the trust fund created under Section 11 of the Revised AFP Modernization Act.

1.3.4 "Revised AFP Modernization Program" or "Program" or "Revised AFPMP" refers to the new AFP Modernization Programs established under the Revised AFP Modernization Act.

1.3.5 "Implementing Guidelines, Rules and Regulations" or "IGRRs" refers to the guidelines, rules and regulations prescribed for the Revised AFP Modernization Program.

1.3.6 "Department" or "DND" refers to the Department of National Defense.

1.3.7 "Doctrine" refers to the fundamental principles by which the armed forces or elements thereof are guided in their actions in support of national objectives.

1.3.8 "Equipment" refers to all non-expendable items needed to outfit or equip any individual and/or organizations and sub-organizations within the AFP.

1.3.9 "GA" or "Arsenal" refers to the Government Arsenal, a bureau under the Department created by Republic Act No. 1884, as amended.

1.3.10 A "Major Equipment or Weapons System" refers to one of a limited number of systems or sub-systems, which, for reasons of military urgency, criticality, or resource requirements, is determined by the DND as being vital to the interests of national defense and security.

1.3.11 A "manufacturer" refers to an entity which makes, develops, fabricates, assembles, builds or otherwise produces an equipment or weapon system.

1.3.12 "Secretary" or "SND" refers to the Secretary of National Defense.

1.3.13 "Upgrade" refers to the improvement, refurbishing, or rehabilitation of existing equipment or weapons system, and facilities in order to improve its original operational capabilities through the replacement of components or subsystems with new ones, or the installation of new additional equipment such as missiles, fire control system, and digital electronics.

1.3.14 "Weapons system" refers to a combination of one or more weapons with all related equipment, materials, services, personnel, and means of delivery and deployment (if applicable) required for self-sufficiency.

1.3.15 "Budget" is the fiscally-constrained proposal that identifies the resources required to accomplish the first year of the SND-approved Defense Program. The budget proposal includes General Appropriation Act (GAA) funds, the funds from special budgets such as the AFP Modernization Act Trust Fund, and other non-appropriated funds.

1.3.16 "Capability (Military)" is a military unit's ability to preplan and accomplish a mission and achieve the effects desired in an anticipated operational environment in a specified time and state of preparedness; preparedness being the sum of personnel, equipment, and training readiness and sustainment.

1.3.17 "Defense Acquisition System (DAS)" includes two distinct functions: acquisition planning which entails assessing the relative merits of different ways of satisfying an approved requirement; and, procurement and contracting which entails accomplishing the actions mandated by RA 9184, The Government Procurement Reform Act and its Implementing Rules and Regulations.

1.3.18 "Acquisition Planning" is the first stage in the DAS process for the acquisition of equipment and weapons systems under the capability, materiel and technology development component of the Revised AFP Modernization program. It shall entail a First Pass and Second Pass approach.

1.3.19 "Procurement and Contracting" is the second stage in the DAS process for the acquisition of equipment and weapons systems under the capability, materiel and technology development component of the Revised AFP Modernization Program. This stage formally begins following the issuance of an Acquisition Decision Memorandum (ADM), and follows the procedures prescribed in RA 9184 and its Revised IRR.

1.3.20 "Defense System of Management (DSOM)" is defined as strategy-driven, capability-based multi-planning and execution process. In this regard, strategic planning, capability assessment and planning, acquisition planning, procurement and contracting, and resource planning and financial management shall be treated as an integrated and holistic process.

1.3.21 "Force" is an aggregation of personnel, systems, equipment, and necessary support, or a combination thereof.

1.3.22 "Life Cycle Cost" is the sum of all recurring and one-time (nonrecurring) costs over the full life span or a specified period of a good, service, structure, or

system. It includes purchase price, installation cost, operating costs, maintenance and upgrade costs, and remaining (residual or salvage) value at the end of ownership or its useful life.

1.3.23 "Resource Manager (RM)" is a designated senior executive appointed by the SND who is directly accountable to the SND for developing financially realistic program, budget, and spending plan proposals that comply with the centralized policy and planning direction provided by the SND; accomplishing established programmatic and financial management objectives established by the SND; and, reporting performance against the established objectives.

Art. 1.4. Applicability of Pertinent Laws, Rules and Regulations

1.4.1 RA 9184, An Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes, and its Revised Implementing Rules and Regulations (IRRs), including applicable resolutions and other issuances of the Government Procurement Policy Board (GPPB) shall be supplementary to these IGRR.

1.4.2 RA 7227 as amended by RA 7917 and RA 9400.

1.4.3 Executive Order No. 303 dated March 29, 2004.

1.4.4 DND Department Circular No. 11 dated July 01, 2011 on The DND Proper Organization and the Defense System of Management.

Chapter 2. IMPLEMENTATION OF FORCE RESTRUCTURING AND ORGANIZATIONAL DEVELOPMENT PROGRAM

Art. 2.1 The Revised AFP Modernization Program Force Restructuring and Organizational Development (FROD) component shall develop the AFP into a compact, efficient, responsive and modern force with the capability to engage in conventional and/or unconventional warfare, disaster relief and rescue operations, and contribute to economic development and other non-traditional military roles. It shall develop the AFP into a capability-based, strategy-driven, responsive and modern force capable of executing national policy.

Art. 2.2 This component shall likewise integrate the reserve force and affiliated reserve units into the overall force structure of the AFP. It will include an enhanced reserve force development program consistent with developing a citizen's army as enshrined in the Constitution.

Art. 2.3 The FROD component shall be a reiterative process that shall continuously assess the external security and internal policy environments to ensure that the AFP will remain responsive to its mandate.

Chapter 3. IMPLEMENTATION OF CAPABILITY, MATERIEL AND TECHNOLOGY DEVELOPMENT PROGRAM

Art. 3.1 Policies and Objectives

3.1.1 The Revised AFP Modernization Program entails the development and employment of certain capabilities needed to address assessed threats. The acquisition of these capabilities shall be governed by the following policies: