

[ADMINISTRATIVE ORDER NO. 169, January 30, 2007]

AMENDING THE IMPLEMENTING GUIDELINES, RULES AND REGULATIONS OF THE ARMED FORCES OF THE PHILIPPINES MODERNIZATION PROGRAM

Chapter 1.0. GENERAL PROVISIONS

Article 1.1. General Policies, Guidelines and Objectives

1.1.1 Pursuant to Republic Act (RA) No. 7898, An Act Providing for the Modernization of the Armed Forces of the Philippines (AFP) 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 Pursuant to RA 7898, the 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 and the transport of toxic and other economically 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; and

(g) To develop its capability to support national development,

1.1.3. Pursuant to RA 7898, the 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. Pursuant to RA 7898, the AFP Modernization Program shall be implemented over a period of fifteen (15) years from 1995. It should therefore, be fully implemented by 2010. However, payments for amortization of outstanding multi - year contract obligations incurred under the Program may extend beyond his period.

1.1.5. The AFP has two major roles:

- a. Achieving a strategic defeat of the communist armed rebellion by 2010, eradicating the Abu Sayaff and other terrorist groups, and containing the secessionist movement, and
- b. Serving as the epitome or model for love of country for our people to look up to and emulate. The AFP, as the major institution involved in this three-front war, must have the support of the people. To rally our people behind the AFP, we must project the armed forces as the focal image on love for country and national pride.

1.1.6. The Philippine Defense Reform Program resulting from the Joint Defense Assessment between the Republic of the Philippines and the United States of America shall constitute the core of the AFP Modernization Program.

Art. 1.1. Purpose and Coverage

1.2.1. This Amended Implementing Guidelines, Rules and Regulations (Amended IGRRs) shall govern the implementation of all the programs and projects under the AFP Modernization Program and the Philippine Defense Reform Program.

1.2.2. Chapter 8 of these Amended IGRRs governs the AFP Modernization Act Trust Fund.

Art. 1.3. Definition of Terms

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

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

- 1.3.2. "AFP Modernization Act" refers to RA 7898 which was enacted into law on 23 February 1995.
- 1.3.3. "AFP Modernization Act Trust Fund" or "AFPMATF" refers to the trust fund created under Section 11 of the AFP Modernization Act.
- 1.3.4. "AFP Modernization Program" or "Program" or "AFPMP" forms part of the Philippine Defense Reform Program, wherein Sec. 15 of RA 7898 provides that "To meet unforeseen national security emergencies, the President, upon recommendation of the National Defense, may modify the program through substitution or revision of a component project therein."
- 1.3.5. "Amended Implementing Guidelines, Rules and Regulations" or "AIGRRs" refers to the guidelines, rules and regulations prescribed for the Armed Forces Modernization Program.
- 1.3.6. "Contract Negotiation" is the second stage in the procedure for the acquisition of equipment and weapons systems under the capability, materiel and technology development component of the AFP Modernization Program.
- 1.3.7. "Department" or "DND" refers to the Department of National Defense.
- 1.3.8. "Doctrine" refers to the fundamental principles by which the armed forces or elements thereof are guided in their actions in support of national objectives.
- 1.3.9. "Equipment" refers to all non-expandable items needed to outfit or equip any individual and/or organizations and sub-organizations within the AFP.
- 1.3.10. "Equipment Acquisition" is the first stage in the procedure for the acquisition of equipment and weapons systems under the capability, materiel and technology development component of the AFP Modernization Program.
- 1.3.11. "GA" or "Arsenal" refers to the Government Arsenal, a bureau under the Department created by Republic Act no. 1884, as amended.
- 1.3.12. "Governing Guarantee" refers to a statement or declaration by a government guaranteeing that a bidder shall, within the time specified by the Notice of Award, enter into a contract with the Department of National Defense of the Republic of the Philippines and furnish the required security for the faithful performance of its obligations under the contract.
- 1.3.13.A "Major Equipment or Weapons System" refers to one of a limited number of systems or sub-systems, which, for reasons of military urgency, critically, or resource requirements, is determined by the DND as being vital to the interests of national defense and security.
- 1.3.14.A "manufacturer" refers to an entity which makes, develops,

fabricates, assembles, builds or otherwise produces an equipment or weapon system. In case of equipment or weapons systems involving sub-manufacturers, the manufacturer for each part or sub-system shall be required to make the undertaking for the availability of after-sales services and spare parts mentioned in 3.1.1(e) hereunder, in addition to the undertaking of the principal manufacturer.

1.3.15.A "Notice of Award" is a formal communication made to the bidder whose bid was determined by competent authorities to be the lowest evaluated responsive bid.

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

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

1.3.18."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.

Art. 1.4. Applicability of Pertinent Laws

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 implementing rules and regulations (IRRs) shall cover infrastructure and other construction contracts under the Program.

1.4.2.RA 9184 and its IRR shall likewise govern procurement contracts under the capability building, materiel and technology development component of the Program.

1.4.3.Contracts for consultancy services under any of the component programs and projects of the AFP Modernization Program shall likewise be governed by existing laws, rules and regulations, particularly RA 9184 and its IRRs.

Chapter 2.0. IMPLEMENTATION OF FORCE RESTRUCTURING AND ORGANIZATIONAL DEVELOPMENT PROGRAM

Art. 2.1. Pursuant to RA 7898, the AFP Modernization Program 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 perform other non-traditional roles.

Art. 2.2. Pursuant to RA 7898, this component of the modernization program shall likewise provide for the identification, organization, training and

development of reserve force and affiliated reserve units in the AFP, especially in the Navy and Air Force.

Art. 2.3. The support of the people shall be engaged by enhancing civil-military relations with the end view of increasing our people's sense of patriotism through military service. The reservist and reserve force development program of the AFP, the Reserved Officers' Training Corps (ROTC) and other similar programs shall be reviewed consistent with the doctrine of a citizen's army enshrined in the Constitution.

Art. 2.4. The intelligence community, being the country's first line of defense, must also be organized according to the requirements of the Enhanced National Internal Security Plan to achieve a strategic defeat of the Communist Terrorist Movement by 2010, destroy the Abu Sayaff and other terrorist groups, and contain the southern Philippines secessionist groups in order to establish a physically and psychologically secure environment conducive to national development.

Chapter 3.0. IMPLEMENTATION OF CAPABILITY, MATERIEL AND TECHNOLOGY DEVELOPMENT PROGRAM

Art. 3.1. Policies and Objectives

3.1.1. Pursuant to RA 7898, the 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:

- a. Pursuant to RA 7898, the acquisition of air force, navy and army equipment and materiel of such types and quantities shall be made in accordance with the need to develop AFP capabilities pursuant to its modernization objectives.
- b. Pursuant to RA 7898, the acquisition of new equipment and weapons systems shall be synchronized with the phase-out of uneconomical and obsolete major equipment and weapons systems in the AFP inventory.
- c. Pursuant to RA 7898, no major equipment and weapons systems shall be purchased if the same are not being used by the armed forces in the country of origin or used by the armed forces of at least two countries. A later modified version of such equipment or weapons system, or subsystems thereof, provided such modified version is not a prototype, shall be deemed to be the same as the original one for the purpose of this provision and shall qualify for acquisition under the provision of Section 4(b) of RA 7898.
- d. Pursuant to RA 7898, only offers from suppliers who are themselves the manufacturers shall be entertained.
- e. Pursuant to RA 7898, no supply contract shall be entered into unless such contract provides for, in clear and unambiguous terms, an after-sales services and the availability of spare parts.

3.1.2. Pursuant to RA 7898, the AFP Modernization Program shall be geared towards the development of the following defense capabilities:

- a. Naval defense capability - Given the archipelagic and littoral nature of the Philippines, the Philippine Navy shall develop its capabilities for naval defense,