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Towards a Self-Reliant Defense Force: A Look into the AFP Modernization Law *

Introduction

As the core security institution and primary responsible for national security, the Armed Forces of the Philippines (AFP) is behooved to develop its capabilities by modernizing its technology and equipment along with professionalizing its human resources. The development of the military is explicitly stated in the Philippine Development Plan (PDP) 2011-2016 as an important component of Security Sector Reform (SSR). To note, SSR is a process of making institutional reforms in the armed forces as well as of strengthening oversight bodies through good governance. The SSR aims to bring about more effective, responsive, and accountable security institutions as they address complex threats to the country and human security.

The PDP 2011-2016 underscores the importance of enhancing peace and security that will usher in sustainable development through a whole-of-nation approach. Towards this end, peace and security efforts are geared towards promoting internal stability, territorial integrity, and national sovereignty. The modernization of the armed forces is critical not just to accomplish fully this traditional role, but also to respond effectively to natural disasters and crises. Under the self-reliant policy of the AFP Modernization, the development of a local defense industry is also sought to support the material requirements of the military.¹

The extension of the AFP Modernization Program for another 15 years after the defunct Republic Act (RA) 7898 of 1995 was taken as one of the priority legislations in the PDP 2011-2016. Following this policy guideline, the amendment to RA 7898, through RA 10349, was approved by Congress and signed into law by President Benigno Aquino III in December 2012. The new law renews the modernization of the AFP for another 15 years, and allocates P75 billion for the first five years. To note, RA 7898 in 1995 had provided for P50 billion allocation for the first five years of implementation. In both cases, the budgetary allocations were treated as distinct and separate from the regular

appropriations for the Department of National Defense (DND) and the AFP.

After the massive efforts to modernize the AFP under RA 7898 in 1995, how did these transform the Philippine military into a self-reliant defense force? What are the amendments introduced under RA 10349 to address the challenges of reforming the security sector at present time? This policy brief aims to provide background on the AFP Modernization Program vis a vis the security demands in the Philippines. Specifically, this paper looks into the contents of RA 10349, or the law that extends the AFP Modernization Program to another 15 years after the termination in 2011 of the previous Act. The study also discusses some issues and concerns in making the Philippine military a multi-mission-oriented force that can effectively address internal and external security threats. Finally, the study identifies some policy recommendations in implementing the AFP Modernization Program along the line of SSR.

Background of the AFP Modernization Program

In retrospect, the impetus to modernize the AFP came in 1992 after the United States (US) had withdrawn its military bases in the Philippines as a result of disagreements in the Senate. The flight of the American Forces underscored the inadequacy of the AFP to provide external security with its obsolete military equipment, and without the presence in the Philippines of the US ally.²

The volatile security situations in insurgency-affected provinces in the country, as well as in flashpoint areas in the maritime region accentuate the need to develop the capabilities of the AFP. The campaign against insurgent groups calls for multi-faceted armed forces to attain internal peace and security. Moreover, the Philippine claim over parts of the disputed Kalayaan Islands in the West Philippine Sea illustrates the importance of improving the country's external defense.

Notably, the Philippines has remained as one of the weakest members of the Association of Southeast Asian Nations (ASEAN) in both military capability and defense

* This policy brief was prepared by Ma Charisse E Gaud, with Ananda Devi D Almase, DPA as Editor.

expenditure.³ Compared to its counterparts in Southeast as well as Northeast Asia, the Philippines ranked the lowest in terms of defense budget from 2009 until 2011.⁴

In terms of military capability, the Philippine Navy has very limited patrol vessels, and relies mainly on vintage warships. The Philippine Air Force, on the other hand, has limited radar capability and no air defense aircraft. The Philippine Army is also wanting of a ground defense capability. In view of these conditions, the Modernization of the AFP has been sought through two legislations in 1995 and in 2012.

The AFP Modernization Act declares 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”. The Act states that the AFP modernization program shall be implemented in accordance with the following objectives:

1. To develop its capability to uphold the sovereignty and territorial integrity of the Republic and to secure the national territory from all forms of intrusion and encroachment;
2. 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 (EEZ);
3. 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;
4. 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 seacraft and the transport of toxic and other ecologically-harmful substances taking place in or through Philippine territory;
5. To enhance its capability to assist the Philippine National Police in law enforcement and internal security operations;
6. To enhance its capability to fulfill the country's international commitments; and
7. To develop its capability to support national development.”

To facilitate the attainment of the aforementioned objectives, five components of the AFP Modernization are identified in the Act. Specifically, these are: (1) Force Restructuring and Organizational Development (FROD); (2) Human Resource Development (HRD); (3) Doctrines Development (DD); (4) Capability, Materiel and Technology Development (CMTD); and, (5) Bases Support Systems Development (BSSD).

For the first component in the Revised AFP Modernization Program, the FROD 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 to contribute to economic development and other non-traditional military roles. This component shall likewise integrate the reserve force and affiliated reserve units into the overall force structure of the AFP in order for the latter to be more responsive. The HRD component, on the other hand, is designed not just to train and hone the professional skills of military personnel, but also to strengthen their patriotic spirit and nationalist consciousness. In accord with SSR, the HRD component ensures that soldiers respect human rights in the performance of their duties.

The third component is the doctrines development or DD which includes the review, assessment, identification, development, validation, and institutionalization of doctrinal requirements of other component projects. Another component is the CMTD that entails the development and employment of air, naval, ground defense, and general headquarters. To note, the development of military capability is governed by a rationalized defense system of management (DSOM), and economic considerations of efficiency and maximum benefit. Finally, the BSSD component covers the development of permanent bases for land, air, and naval forces, as well as the establishment of coast watch and air defense radar systems.

The original AFP Modernization Program in RA 7898 self-terminated in 2011 without fully accomplishing the intent and purpose of the law after its 15-year implementation. Only the fourth component on capability for materiel and technology development or the CMTD was addressed.⁵ To fully modernize the envisioned capabilities of the AFP, a total of Php332 billion had been required in 1995. But because of the unavailability of funds, only about Php35 billion by the end of 2011 were spent mainly for capability upgrade program⁶. According to a report issued by the Commission on Audit in 2010, the AFP had only implemented 55 percent or 278 projects out of the programmed 504 under the first modernization law⁷.

The 2012 Revised AFP Modernization Program

The main goal of SSR is to promote good governance of the security sector.⁸ “Good governance”⁹ draws on the key principles of participation, rule of law, transparency, responsiveness, consensus orientation, effectiveness and efficiency, as well as accountability. RA 10349 emphasizes the need for good governance in the implementation of the AFP Modernization Program. To assure transparency, for instance, a Congressional Oversight Committee is needed to monitor and oversee the progress of RA 10349. As provided for in the law, the Committee shall be composed of six (6) members from the House of Representatives. This shall be chaired jointly by the Chairpersons of the Committees on National Defense and Security from Congress and Senate. Five (5) other members each from the two Houses shall be designated by the Senate

President and the House Speaker, with the minority having at least two representatives from both chambers. Within five years after the effectivity of the new AFP Modernization Act, the Congressional Oversight Committee shall conduct systematic evaluation or “sunset review” of the accomplishments of the RA 10349.

To promote accountability, on the other hand, the AFP Modernization Program planning and procurement shall be conducted in accordance with the DSOM. All necessary expenses to implement the procurement of equipment, such as expenses for pre-selection and post-qualification stages, are explicitly included in the AFP Modernization Act Trust Fund. The latter also includes proceeds from the lease and joint development of military reservations, sale of military camps, joint ventures from public-private partnerships entered into by the DND or the AFP, as well as all incomes earned from the equity share of the government arsenal. Donations coming from local and foreign sources, specifically earmarked to be used for the AFP Modernization Program, are also explicitly stated as a source of fund.

It is important to note, however, that the AFP Modernization contains certain provisions which offer leeway for lesser accountability. For instance, some major defense equipment, when not available locally, shall be exempt from the requirement of a public bidding under RA 9184 or the Act Providing for the Modernization, Standardization and Regulation of the Procurement Activities of the Government and for Other Purposes. Moreover, the sale of weapons, equipment and ammunitions to the AFP, subject to the provisions of the Act, shall be exempt from value added tax (VAT).

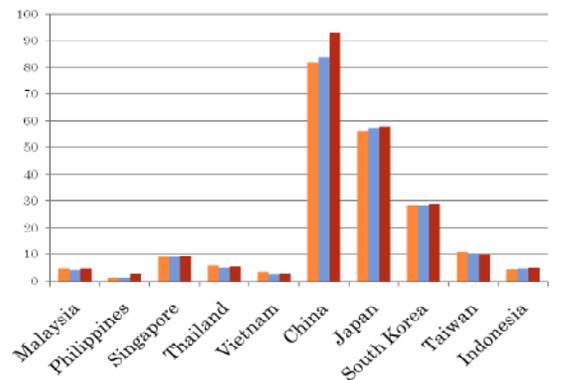
Issues and Concerns in Modernizing the AFP

The road to modernizing the AFP has not been easy and without obstacles. In enacting the revised AFP Modernization Program, legislators had identified a number of issues and concerns which must be addressed to fulfil the objectives of the law. Specifically, problems include lack of funding, circuitous procurement system, unstable foreign exchange rate, fast turnover of personnel, and overall lack of sustainability. Given these conditions, the modernization process has been slow with only some modest gains.

While critics would argue that the government is allocating a large chunk of the national budget to the AFP, the latter has remained one of the weakest in Southeast Asia in terms of defense expenditure. From 2009-2011, the defense budget of the Philippines was below 5 billion dollars compared to the towering budget of China, Japan, and South Korea. In 2009, Japan had a budget of over 50 billion dollars, next to the People’s Republic of China’s (PRC) defense budget of over 80 billion dollars. In 2011, after efforts to modernize the AFP, no significant change was seen in the

Philippine defense budget and overall trend in defense expenditures in the region.¹⁰ The PRC maintained the highest defense budget of over 90 billion dollars, a position that is more likely to endure in the future. Japan’s defense budget was still over 50 billion dollars, followed by South Korea and Taiwan. Taiwan, which is a small country, had a defense budget of over 10 billion dollars in 2011.

Official Defense Budget (Fiscal Year 2009-2011)¹¹



Aside from the measly defense allocations in the Philippines, there was also a disparity between the budget earmarked to pursue the AFP Modernization Program, and the actual funds released to fully realize the envisioned capabilities of the military. The unavailability of funds slowed down the modernization process, resulting in stalled projects, rising costs, and wavering management teams.¹²

Another issue on the first AFP Modernization Program was the tedious bureaucratic process which caused inefficiencies in the procurement system. The bidding process under RA 9184 was criticized as too burdensome. As a regular course of action, bidders need to submit several requirements in order for them to qualify for the bidding process. The awardee, who is the lowest bidder, still needs to submit another set of requirements for the post-qualification stage. This shall check the accuracy of the documents submitted, and where necessary, shall also conduct an inspection of the bidder’s office, workplace, or factory. Because of the tedious process, the intention of the law to ensure transparency and accountability defeated an equally important principle of efficiency and economy in the procurement system of military modernization. Thus, the couple of years spent to comply with the long process already rendered the original cost estimates and budget allocations insufficient to cover the actual purchase price of material and technology for the AFP at present time.

The implementation the original AFP Modernization Program also encountered high turnover of members in project management teams and technical working groups in different component projects. Changes in membership required re-orientation of concerned individuals whose ad hoc designations were also deemed to be the cause of the

lack of direction and commitment in project implementation.

With the termination of the first AFP Modernization Program in 2011, the AFP Modernization Office was dissolved. This made the implementation of the revised program dispersed among several agencies. For example, the CMTD component is now lodged mainly with the DND Assistant Secretary for Acquisition, Installations and Logistics. Meanwhile, some of the component projects are being facilitated by the AFP Office of the Deputy Chief of Staff for Logistics, OJ4 under the overall supervision of the DND Defense Acquisition Office. In view of this, the establishment of a focal office, composed of technical and career personnel, is advised in a move to institutionalize the implementation of the AFP Modernization Program and ensure the continuous development of the military.

Lastly, too much focus was given to the CMTD component of the AFP Modernization Program when the latter should have also covered bases and facilities, human resources, force structure, and doctrine development. It must be taken into account that these are equally important pillars of modernization and reform of the security institution. For example, the doctrine development had not been allocated funds from 2005-2007.¹³ By 2011, only 41 out of the 113 projects under the doctrine development were completed, while 42 out of the 86 projects under the BSSD Housing Projects were constructed. To effectively transform the armed forces into a credible and multi-faceted force, all the components of the AFP Modernization Program must be developed aside from the acquisition of defense technology and military hardware.

Conclusion

The need to reform the core security sector has long been recognized through policy initiatives to modernize the AFP. This is evident from the legislations of two AFP Modernization Acts in the past two decades. However, the vision of making the AFP a capable, multi-mission-oriented force that will effectively address internal and external security threats remains wanting. While the laws are well crafted according to the principles of SSR, the implementation of a complex system, such as the military modernization program, remains a challenge in a fast changing environment.

For one, some of the principles of good governance in SSR such as efficiency and rule of law may not be fully realized at the same time in the military procurement system. In the quest for transparency and accountability, rules and regulations must be complied. In the spirit of democracy and participation, oversight functions of the legislature and civil society must also be strengthened. However, these principles render the administration of military modernization tedious, sacrificing in the process

equally important values of economy, efficiency and effectiveness, especially in capability and technology upgrades. This administrative dilemma was perceived to be one of the significant factors in the delay and ineffectiveness of the defunct AFP Modernization Act of 1995.

While the past presidential administrations remained steadfast to modernize the military, their express commitment would have been more concrete if there were proper budgetary support. The fifteen years of massive efforts to transform the Philippine military into a self-reliant defense force showed "little progress" due to poor implementation.¹⁴ The provisions of RA 10349 seeks to address different issues and concerns in transforming the Philippine military into a world class defense force and able partner in national development. But to actualize this, the challenge lies on how the provisions of the Act will be implemented by administrators through good governance.

Given the trend in defense expenditure in Southeast and Northeast Asia, the Philippine military will need not only the commitment of the administration but the actual budgetary support in order to reform and modernize the armed forces. A thorough review of lessons learned for almost two decades of administering the AFP modernization must be done, taking into account the present security needs of the Philippines and the dynamic regional and global security environment.

The views expressed in the policy brief do not necessarily reflect the views of the National Defense College of the Philippines. The readers are free to reproduce copies or quote any part provided proper citations are made. For comments and suggestions, please email charisse.ndcp@gmail.com or ananda.almase@ndcp.edu.ph

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