



INSTITUTE FOR DEFENSE ANALYSES

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Implementing the Philippine Defense Reform Program through the Defense System of Management

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2. LTG Voltaire T. Gazmin, AFP (Ret), former Secretary of National Defense
3. VADM Ariston V. Delos Reyes, AFP (Ret), former Undersecretary for Internal Affairs, DND
4. MG Antonio C. Santos, Jr., AFP (Ret), former Undersecretary for Defense Affairs, DND
5. BG Danilo Augusto B. Francia, AFP (Ret), former Assistant Secretary for Plans and Programs, DND
6. BG Constanca De Guzman, AFP (Res), former Chairperson, Presidential Anti-Graft Commission
7. BG Michael Beverlyn J. Manquiquis (Ret), former Chief, Office for Defense Reforms, DND
8. MG Jon N. Aying, former DSOM Program Manager, Office of Defense Reform, DND
9. Director Dinna Anna Lee Cartujano, Office of the Assistant Secretary for Financial Management, DND
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Executive Summary

Established in 2004, the Philippine Defense Reform (PDR) Program envisioned the implementation of reforms that would affect every level of the Philippine defense establishment and military. The ultimate goal of PDR was to create more capable armed forces. To do that, PDR focused on reforming the defense establishment for the benefit of the Armed Forces of the Philippines (AFP). Therefore, PDR required the support and focus of senior leaders and staff at all levels and a substantial commitment of people.

This paper explores why PDR was needed from a Philippine perspective, and how it was implemented through the Defense System of Management (DSOM) approach. This paper will also describe how the United States Department of Defense (DOD) partnered with the Republic of the Philippines Department of National Defense (DND) in implementing PDR with a particular focus on multi-year defense planning and the related areas of capability planning and defense budgeting.

Chapter 3 discusses the beginnings of defense reform starting in 1999, when the Philippine Secretary of National Defense initiated policy discussions with the U.S. Secretary of Defense to find the best way to upgrade the capability of the AFP. The Joint Defense Assessment (JDA) undertaken by the defense establishments of both countries revealed that the capability of the AFP to execute its most critical missions was poor. The JDA recommended ten priority programs to address the capability gaps. These discussions concluded in October 2003, when the presidents of both countries expressed their commitment to embark upon a multi-year plan to implement the JDA recommendations.

Chapter 4 enumerates funding sources that supported the PDR. These were not only U.S. government (USG) funding, but host-nation funds as well. The USG's role in the implementation of the PDR is covered in chapter 5. Furthermore, chapter 5 includes a comprehensive discussion of how the DSOM process evolved from its beginnings in the Multi-Year Capability Planning System (MYCaPS) in 2004 to the contemporary version of DSOM.

Chapter 6 broadly assesses the USG's role in the reform effort, including the assistance provided by the Institute for Defense Analyses (IDA) and Anteon International Corporation (later General Dynamics).

In June 2016, the PDR Program officially closed, marking the culmination of more than 12 years of reform efforts. The succeeding program, the Philippine Defense Transformation Roadmap (PDTR) 2028 is expected to carry on the institutionalization of the reform measures identified and crafted. Foremost among these is the internalization of the DSOM.

Several lessons can be derived from the Philippine defense reform experience. Defense reforms: (1) should never lose sight of improving combat effectiveness; (2) should amplify the concepts of self-identity of the organization, making it clear to every member the answer to the questions: “Who are we?,” “What is our purpose?,” and “What do we need?”¹ (3) have a systemic effect on nearly all armed forces activities; (4) are a concern not only of the armed forces, but of the civilian policy makers as well; (5) could be part of wider efforts to improve not only the armed forces, but also the whole defense and national security apparatus or even as part of social transformation; and (6) should be “owned” by defense and military leaders at all levels of the organization.

¹ Gerald Michaelson and Steven Michaelson, *Sun Tzu for Success* (Avon, MA; Adams Media Corporation, ©2003), 50.

Contents

1.	Purpose and Background	1
2.	Overview.....	3
3.	The Beginnings of Defense Reform	7
4.	Funding of the Philippine Defense Reform Program	15
5.	USG’s Role in the Philippine Defense Reform Program	17
	A. Multi-Year Capability Planning System (MYCaPS).....	19
	B. Major Defense Equipment Acquisition Study.....	26
	C. Full Cycle of Contemporary Defense System of Management (DSOM).....	28
	1. Defense Strategic Planning System (DSPS).....	33
	2. Defense Capability Assessment and Planning System (DCAPS)	37
	3. Defense Acquisition System (DAS)	44
	4. Defense Resource Management System (DRMS).....	50
	D. Decision Making Support Processes	57
	E. Implementing and Institutionalizing DSOM	58
6.	Assessment of USG’s Role.....	63
	A. Institute for Defense Analyses Assistance Effort	64
	B. Anteon (General Dynamics) Assistance Effort	67
7.	Moving Forward: Opportunities and Challenges	69
8.	Lessons Learned and Conclusion	73
	Appendix A. List of Officials Who Were Interviewed.....	A-1
	Appendix B. Biography – Primary Author	B-1
	Appendix C. Transcripts or Written Responses of Those Interviewed.....	C-1
	1. Emailed Response to Questionnaire by LTG Voltaire Gazmin AFP (ret) Former SND on 04 Feb 17	C-1
	2. Emailed Response to Questionnaire by MG Jon Aying AFP – Former DSOM Program Manager, ODR DND on 07 Feb 17	C-3
	3. Interview with Atty Gilberto Teodoro – former SND @ Starbucks Cafe, San Antonio Plaza, Forbes Park on 22 Feb 17	C-6
	4. Interview with BG Danilo Francia AFP (ret) – Former ASPP @ PN Golf Club on 24 Jan 17.....	C-9
	5. Interview with BG Michael Beverlyn Manquiquis AFP (ret) – former Chief ODR @ AFPCOC on 18 Jan 17	C-11
	6. Interview with CAPT Jesus Ricardo Nava, Fe Palencia & Jaya Arevalo – FOCIS Div OJ5 AFP @ their office on 24 Jan 17	C-15
	7. Interview with Dir. Dinna Anna Lee Cartujano – Director OASFM @ Gloriamaris Restaurant on 19 Jun 17	C-17
	8. Interview with MG Antonio Santos AFP (ret) – Former J3 and USDA @ his residence at AFPOVAI on 19 Jan 17.....	C-19

9. Interview with VADM Ariston Delos Reyes AFP (ret) – Former VCSAFP and USIA @ his residence at Filinvest Homes East on 20 Jan 17 C-22

10. Texted Response to Questionnaire by BG Koni De Guzman AFP (ret) – former Chairperson PAGC on 24 Feb 17 C-24

Appendix D. Illustrations D-1

Appendix E. References.....E-1

Appendix F. GlossaryF-1

Appendix G. Abbreviations G-1

1. Purpose and Background

In 2003, the Institute for Defense Analyses (IDA) was asked by the Office of the Secretary of Defense (OSD) Program Analysis and Evaluation² office to assist Philippine defense officials with implementing a strategy-driven multi-year defense planning system (MYDPS). This was a priority objective identified by the Republic of the Philippines (PH) Department of National Defense (DND)–U.S. Department of Defense (DOD) Joint Defense Assessment (JDA). The findings of the JDA were consolidated into ten key recommendations, which were established as the programs of reform under the auspices of the Philippine Defense Reform (PDR) program. The PDR resulted from an October 2003 joint statement of President George W. Bush and President Gloria Macapagal-Arroyo. The two presidents expressed a commitment to embark upon a multi-year plan to implement the JDA recommendations.³

U.S. assistance, through IDA, began in 2004 under the auspices of the Defense Resource Management Studies (DRMS) program. The results of the IDA effort led to the Philippine Defense System of Management (DSOM), a holistic system of inter-related processes designed to insert defense strategy into the defense budget through planning and programming techniques.

This paper explains why senior leaders within the PH defense sector felt reform was needed from a Philippine perspective. The paper will also describe how PDR was implemented, and how the DOD partnered with the DND in the PDR with a particular focus on the MYDPS and related areas of capability planning and defense budgeting.

The primary author, Commodore Severino Vicente T. David, Armed Forces of the Philippines (AFP) retired, writes from first-person experience of trying to implement PDR. Commodore David worked for the Secretary of National Defense (SND) from 2004 to 2007 as the assistant project manager for assistance from the DRMS program. From 2011 to 2015, he was assigned to the SND again, this time as a military assistant. His duties were to serve as the executive secretary of the DND’s primary force-planning and decision-making processes. The author’s experience is supplemented by his relationships, as well as interviews with past and present leaders of the Philippine defense sector. Transcripts of the interviews are included in appendix B.

² In 2009, the OSD Program Analysis and Evaluation office was renamed Cost Assessment and Program Evaluation (CAPE) office as part of the Weapon Systems Acquisition Reform Act.

³ Charles “Ken” Comer, *Philippine Defense Reform; Are we there yet?*, http://fmso.leavenworth.army.mil/documents/Philippine_Defense_Reform.pdf (accessed June 29, 2017).

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2. Overview

On September 15, 1991, the 1947 PH-U.S. Military Bases Agreement,⁴ which provides the United States of America the right to retain the use of the bases in the Philippines, officially ended. U.S. military bases and other installations in the Philippines⁵ were closed down as the Senate of the Philippines voted to reject the agreement's provision for a lease extension on the facilities.⁶ Consequently, funding that sustained military capability drawn from annual rentals of approximately U.S. \$200 million was no longer available. From then on, the Philippine government realized that it was solely responsible for defending its own sovereignty and securing territorial integrity after losing the protective cover provided by the United States when the bases were used by U.S. Armed Forces.

In the meantime, capability gaps within the military became apparent. This gave rise to the idea of transforming some of the AFP military bases to alternative productive civilian use to generate funds for capability upgrades and military modernization.⁷ On February 23, 1995, the Congress of the Philippines passed the AFP Modernization Act, with a budget ceiling of 50 billion Philippine pesos (PHP) for the next five years.⁸ This program aimed to modernize the AFP so it would be capable of performing its constitutional mandate of upholding the sovereignty and preserving the patrimony of the republic. Unfortunately, the Asian financial crisis caught up with the program in 1997. Other than funds received as a result of the sale of portions of Fort Bonifacio and Villamor Air Base, the defense sector received no appropriated funds from Congress from 1997 to 2002. As a result, the capability of the armed forces further deteriorated.

When President Joseph Estrada's administration opted to wage an all-out war in Mindanao in response to renewed challenges from Muslim separatist groups, the increase in operational

⁴ *Agreement between the United States of America and the Republic of the Philippines Concerning Military Bases*, 14 March 1947 as amended by the Bohlen-Serrano Agreement of 1966, <https://www.loc.gov/law/help/us-treaties/bevans/b-ph-ust000011-0055.pdf> (accessed April 25, 2017).

⁵ The two most important were the Naval Base Subic Bay and Naval Air Station Cubi Point in Olongapo City and Clark Air Base in Angeles City. Other ancillary facilities included Camp John Hay in Baguio City, Naval Communications Station San Miguel in Zambales Province, Naval Communication Transmitting Facility Capas, Camp O'Donnell, and Crow Valley Range in Tarlac Province, Wallace Air Station in La Union Province, and Naval Link Station Mount Sta. Rita in Bataan Province.

⁶ Senate of the Philippines, 8th Congress, *Resolution No. 1259, Non-Concurrence to the Treaty of Friendship, Cooperation, and Security between the Republic of the Philippines and the United States of America* (Manila: Senate of the Philippines, 1991).

⁷ Congress of the Philippines, *Republic Act No. 7227, An Act Accelerating the Conversion of Military Reservations into Other Productive Uses, Creating the Bases Conversion and Development Authority for this Purpose, Providing Funds Therefor and for Other Purposes* (Quezon City: Congress of the Philippines, 1992).

⁸ Congress of the Philippines, *Republic Act No. 7898, An Act Providing for the Modernization of the Armed Forces of the Philippines and for Other Purposes* (Quezon City: Congress of the Philippines, 1995).

tempo further exposed widening gaps in the AFP's military capability. Furthermore, from one administration to another, corruption in the military persisted at a time when the defense institution was already weakened due to declining appropriations.

At that time, the already limited resources for operating units were centrally managed at the General Headquarters AFP and major services headquarters. These funds were often converted⁹ by some corrupt program directors and project administrators to serve other purposes. Young company-grade officers from the Philippine Military Academy sent to the battlefield suffered the consequences of inadequate capabilities and missing funds. These conditions later provided the stimulus for the failed Oakwood mutiny¹⁰ primarily led by junior officers.¹¹

From a broader policy perspective, civilian leadership failed to provide the military with a comprehensive National Security Policy and National Security Strategy that should flow from policy. The absence of a coherent and forward-looking security policy framework led to ad-hoc efforts to address current and emerging security challenges that were difficult to sustain. As a result, internal security threats remained unresolved, while the capability of the armed forces to execute its missions continued to decline.

In summary, capability development was not seriously pursued, resulting in poorly equipped armed forces that remained prone to corruption and constantly grappling with challenges to professionalism. Worse, in the absence of effective democratic civilian leadership and oversight, segments of the military occasionally became threats to the Philippines' individual and collective security. With that as a background, the initial stages of a meaningful defense reform began in the late 90s.

However, 17 years after the passage of the AFP Modernization Act, the AFP was still not able to pay for and provide the capability needed to provide a credible deterrence against threats to territorial integrity and address internal security challenges. This was partly due to the limited availability of funds for modernization. Only 33.9 billion PHP was released by the end of the implementation period. Hence, on December 11, 2012, the Congress of the Philippines enacted the Revised AFP Modernization Program that extended the period of implementation for another 15 years and allocated an amount of 75 billion PHP to fund the program for the first five years.

⁹ Former Vice Chief of Staff AFP and later DND Under Secretary for Internal Affairs Ariston V. Delos Reyes, VADM AFP (Ret), interview by author, January 20, 2017. "Conversion" is the term commonly used in the AFP to define a practice in which government funds are laundered by simulating the procurement of goods and services. Documentation of and payment for goods and services is performed without actual delivery of goods or services.

¹⁰ The Oakwood Mutiny refers to the July 2003 occupation of the Oakwood Hotel in Makati City by soldiers who claimed to be rising up against the AFP's corrupt practices, poor leadership, and inadequate funding. The leader, then Navy LT Antonio Trillanes, faced trial and was found guilty. He was sentenced to a prison term but was later given amnesty by Pres. Benigno Aquino. He is now a sitting senator of the Senate of the Philippines.

¹¹ Florentino P. Feliciano, et.al., *The Report of the Fact-Finding Commission*, October 17, 2003, 45.

The Revised AFP Modernization Program carried over the intention of its precedent plan to increase military capability for external defense and other mission areas. Additionally, the act mandated that “Program Planning and Procurement shall be conducted in accordance with the Defense System of Management (DSOM)...,” which treats strategic planning, capability assessment, acquisition planning, procurement and contracting, and resource planning and financial management as an integrated and holistic process.¹²

This series of events constitutes a comprehensive defense reform program undertaken by the Philippine government and its Department of National Defense and Armed Forces. This paper aims to examine how, from the host-nation perspective, the Department of National Defense and the Armed Forces of the Philippines leadership decided to partner with the U.S. government (USG) to institute reforms in the defense sector and improve its systems of management, assess what was effective and what was not in terms of the USG’s participation, and highlight lessons learned that could be applied to similar situations in the future.

¹² Congress of the Philippines, *Republic Act No. 10349, An Act Amending Republic Act No. 7989, Establishing the Revised AFP Modernization Program and for Other Purposes* (Quezon City: Congress of the Philippines, 2012).

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3. The Beginnings of Defense Reform

From 1999 to 2003, Philippine and U.S. defense and military planners and analysts conducted a series of assessments of the capability of the AFP to perform its essential missions, including internal security operations, territorial defense, disaster relief and humanitarian assistance, search and rescue, maritime security, support to national development, and support to regional and global initiatives. In October 1999, with assistance from the Joint U.S. Military Advisory Group-Philippines (JUSMAG-PHIL), Philippine Secretary of National Defense Orlando S. Mercado initiated policy discussions with United States Secretary of Defense William S. Cohen to find the best way to upgrade Philippine defense capability.¹³ In the same year, the assessment process formally commenced under the PH-U.S. Defense Experts Exchange, where a delegation from the Philippines DND went to the U.S. DOD to explore ways to undertake a joint AFP capability assessment.

In 2000, the AFP, together with Subject Matter Experts (SMEs) from the U.S. Pacific Command (USPACOM), conducted a qualitative capability assessment, which yielded a Joint Initial Assessment (JIA) report in 2001. The report provided an objective evaluation of Philippine defense capability. The following year, a more comprehensive and quantitative assessment was conducted, which included an initial notional plan. During President Gloria Macapagal-Arroyo's state visit to Washington, D.C., in May 2003, she and President George W. Bush agreed to launch a comprehensive review of the Philippines security needs and how the U.S. government could support plans to reform and modernize the AFP.¹⁴

On September 12, 2003, the JDA was completed with a set of recommendations addressing deficiencies found in the Philippine defense structure with an updated notional plan.¹⁵ Thereafter, the JDA Planning and Implementation Group (JDA-PAIG) was created to implement the JDA recommendations. Pursuant to DND Department Order No. 183, dated October 13, 2003, the JDA-PAIG was tasked to "facilitate the effective implementation of the 2003 Joint Defense Assessment" in order to enhance Philippine defense capabilities and to assist in the modernization of the AFP.

Under the supervision of the Office of the President, the JDA-PAIG was tasked to develop several Plans of Action and Milestones (POA&Ms) that would serve as sail plans or road maps for the implementation of the JDA recommendations. The responsibility of implementing the JDA

¹³ Anthonette Velasco-Allones, former Head Executive Assistant to Secretary of National Defense Orlando S. Mercado, text message to author via FB Messenger, March 7, 2017.

¹⁴ Office of the Press Secretary, *Joint Statement Between the United States of America and the Republic of the Philippines* (Washington, DC: White House, 19 May 2003), <https://georgewbush-whitehouse.archives.gov/news/releases/2003/05/20030519-3.html> (accessed March 17, 2017).

¹⁵ Department of National Defense, *2003 Joint Defense Assessment (JDA)* (Quezon City: DND, 2003).

recommendations was subsequently delegated to the DND. The Philippine-led and U.S.-assisted JDA fell within the context of long-standing PH-U.S. relations. Additionally, the status of the Philippines as a Major Non-NATO Ally (MNNA) opened opportunities for expanded security assistance from the U.S. The AFP reform programs, therefore, became a crucial link to access these benefits and privileges to culminate in an overarching improvement of Philippine defense and security capability.

Senior defense and armed forces leaders were alarmed by the results of the three-year JDA. The findings delved deeply into the systemic causes of the problems identified in the testimonies given during the fact-finding inquiries of the Davide¹⁶ and Feliciano¹⁷¹⁸ Fact-Finding Commissions. The JDA findings revealed that the capability of the AFP to execute its most critical missions was rated as generally poor [the report listed many capabilities as (-) *Partial Mission Capable*]. The negative condition of the Philippine military's capability to perform its various mandates was largely attributed to systemic deficiencies within the organization.

Moreover, the results pointed toward institutional and strategic deficiencies as the root cause of most of the shortcomings. A common thread was the lack of strategy-based planning that would focus the DND on addressing priority threats and link capability requirements with the acquisition process. Overall, the JDA identified 65 key and 207 ancillary areas of concern that revealed critical deficiencies in the following specific areas:

- a. Policy planning
- b. Personnel management and leadership
- c. Defense expenditures and budgeting
- d. Acquisition
- e. Supply and maintenance
- f. Quality assurance for existing industrial base
- g. Infrastructure support

¹⁶ Hilario G. Davide, Jr., et.al., *The Final Report of the Fact-Finding Commission*, October 3, 1990, 470-475.

¹⁷ The Feliciano Commission was established by President Arroyo to investigate all evaluate the facts and circumstances of the July 2003 Oakwood Mutiny and the provocations that inspired it. The Commission head was retired Supreme Court justice Florentino Feliciano.

¹⁸ Feliciano, et.al, *Commission Report*, 45-125.

Also included in the JDA findings were critical operational/near-term deficiencies in the following capabilities:

- a. Operations and training
- b. Intelligence
- c. Logistics
- d. Communications
- e. Civil-military operations
- f. Information operations

Moreover, the JDA documented deficiencies in critical functional areas, such as medical support, engineering, finance, acquisition, manpower, inspector general system, and infrastructure.

During the reciprocal visit of President Bush to the Philippines in October 2003, he and President Arroyo reviewed and endorsed the findings of the JDA. The two presidents expressed their commitment to embark upon a holistic plan to implement its recommendations.¹⁹ The key areas were condensed into ten key recommendations that became the focus of initial attempts to improve the country's defense and military establishment through the PDR Program.

Initial efforts to implement PDR were met with resistance. Those with the power to effect change had vested interests in maintaining the status quo, while those who favored change saw it as a futile effort without leadership support. From the end of the Marcos dictatorship in 1986, the Philippine military saw its role as protector of the people and the state,²⁰ including a perceived responsibility to remove corrupt or inept governments when necessary. Therefore, in order to achieve reform, the Philippine government was required to maintain a balance between forcing change and maintaining critical political support from senior military officers.

Determined to institute reforms she wanted introduced in the DND and AFP, both in structure and systems, President Arroyo served concurrently as president and secretary of National Defense during the early part of her administration. To aid defense reform, she issued Executive Order (EO) No. 240 on September 23, 2003, to address the grievances raised during the failed Oakwood mutiny.²¹ EO 240 created the Office of the Undersecretary of Internal Control in the DND. The office had a mandate to institutionalize reforms in the procurement and fund disbursement systems

¹⁹ The White House, Office of the Press Secretary, *Joint Statement Between the United States of America and the Republic of the Philippines* (Washington, DC: White House, October 18, 2003), <https://2001-2009.state.gov/p/eap/rls/ot/25447.htm> (accessed on 17 March 2017).

²⁰ Section 3, Article II of the 1987 Philippine Constitution states, "The Armed Forces of the Philippines is the protector of the people and the State. Its goal is to secure the sovereignty of the State and the integrity of the national territory."

²¹ Former chairperson of Presidential Anti-Graft Commission BG Constancia P. De Guzman, AFP (Res), text message to author, February 25, 2017.

in the DND.²² Subsequently that year, President Arroyo designated Secretary Carolina G. Hernandez as presidential adviser under the Office of the President to oversee the implementation of the recommendations of the Feliciano Commission.^{23,24} Then, on November 30, 2005, Secretary of National Defense Cruz issued Department Order No. 82, creating the PDR Board, formalizing the reform organizational setup between the DND and the AFP, and defining workflow and decision-making processes.

In 2006, with support for PDR waning, Secretary Avelino J. Cruz, Jr. advocated for a system of “quick wins” to regain support. One of those quick win projects was the “Battalions of Excellence” concept for rollout in 2006 and 2007. The concept integrated logistics, personnel, and doctrinal reforms with existing Philippine Army and Philippine Marine Corps battalion retraining programs and was built around empowering non-commissioned officers and using them as key training cadres. The goal of this effort was to link reforms to current operations that demonstrated the benefits of defense reform to the regular service members and helped counteract restiveness among some mid-grade and junior officers that contributed to a February 24, 2006, coup attempt. The coup attempt follows the 2003 Oakwood mutiny, in which President Arroyo, certain members of her cabinet, and the military were accused with corruption, and the “Hello Garci” scandal in 2004,²⁵ in which Arroyo and certain election officials were charged with electoral fraud in the 2004 presidential elections.

When he assumed office as Secretary of National Defense in August of 2007, Gilberto C. Teodoro, Jr., an advocate of PDR, continued the reform efforts started by his predecessors and took a hands-on approach to managing change.²⁶ Believing that the defense establishment should not be in a perpetual state of reform, he envisioned the completion of reforms by the end of President Arroyo’s administration. Thus, Secretary Teodoro issued implementing guidelines designed to ensure that the key features of each component of the integrated system of management

²² Malacañán Palace, *Executive Order No. 240, Mandating the Undersecretary for Internal Control of the Department of Defense to Institutionalize Reforms in the Procurement and Fund Disbursement Systems in the Department of National Defense and the Armed Forces of the Philippines* (Manila: Malacañán, 2003).

²³ Malacañán Palace, *Executive Order No. 255, Creating the Office of a Presidential Adviser under the Office of the President to Implement the Recommendations of the Feliciano Commission* (Manila: Malacañán, 2003).

²⁴ Human Rights Resource Center, <http://hrca.org/carolina-hernandez/> (accessed April 27, 2017) and Delos Reyes, interview by author.

²⁵ The “Hello Garci” scandal was a political scandal and electoral crisis in the Philippines. The scandal involved President Gloria Macapagal-Arroyo, who allegedly rigged the 2004 national election in her favor. The official results of that election gave Arroyo the presidency. The scandal and crisis began in June 2005 when audio recordings of a phone call conversation between Arroyo and then Election Commissioner Virgilio Garcillano, allegedly talking about the rigging of the 2004 national election results, were released to the public. The crisis broke out when the minority of the lower house of Congress attempted to impeach Arroyo. The impeachment proceedings were blocked by Arroyo’s coalition in September 2005 and no trial took place.

²⁶ Former Secretary of National Defense Gilberto C. Teodoro, Jr., interview by author, February 22, 2017, Makati City.

were implemented before the change of administration in 2010.²⁷ This move was intended to enable the new administration to transition to the objective end-state medium- and long term planning processes by the end of 2013. The processes included strategic planning, capability assessment and development planning, operational planning, acquisition planning, resource planning, financial management and budget execution, and program performance reporting.²⁸

PDR was not yet complete when President Benigno S. Aquino III took office. However, he did not change policy; he directed the full implementation of the PDR. A focus of Aquino in relation to PDR was institutionalizing proper stewardship of public funds at the DND and prosecution of the offending personnel. According to Secretary Voltaire T. Gazmin, “The reform effort coincided with the Aquino Administration’s thrusts of good governance, transparency and accountability.”²⁹

From 2003 until the PDR program was terminated on June 23, 2016,³⁰ the DND implemented comprehensive, institutional, and systematic reform efforts to enhance the capability of the Armed Forces to respond and address various national security challenges. The program’s key areas of reform were the following:³¹

1. Implementation of a strategy-driven, multi-year defense planning system
2. Improvement of operational and training capacity
3. Improvement of logistics capacity
4. Improvement of operational level expertise by addressing organizational, management, and operational systemic deficiencies
5. Development of an effective personnel management systems
6. Planning, programming, and execution of a multi-year capability upgrade program for the AFP
7. Optimization of the defense budget and improvement of management controls

²⁷ Department of National Defense, *Guidelines for Transitioning to and Implementation of the Defense System of Management (DSOM)* (Quezon City: DND, September 29, 2008).

²⁸ Department of National Defense, *Circular No. 5, The Defense System of Management (DSOM)*, (Quezon City: DND, 2008), 4.

²⁹ Former Secretary of National Defense LTG Voltaire T. Gazmin, AFP (Ret), email to author, February 4, 2017.

³⁰ Rene Acosta, “Gazmin Closes Philippine Defense Reform Program,” *Business Mirror*, June 23, 2016, <http://www.businessmirror.com.ph/gazmin-closes-philippine-defense-reform-program/> (accessed March 17, 2017).

³¹ Former Chief of the Office for Defense Reforms, DND BG Michael Beverlyn J. Maniquis, AFP (Ret), interview by author, January 18, 2017, Quezon City.

8. Creation of a professional acquisition workforce and establishment of a centrally-managed defense acquisition system
9. Increasing the capability of the AFP to conduct civil military operations
10. Development of an accurate baseline data on critical AFP functional areas

From the perspective of the DND, the framework for reform was based on an environment of increasing economic prowess and a gradually decreasing threat level over time, and intended to make the following improvements:

- a. Address capability gaps to enable the AFP to effectively fulfill its mission;
- b. Attain the capability for seamless interoperability by developing proficiency in the conduct of joint operations, eliminating crisis handling by individual major services as done previously;
- c. Improve the effectiveness of internal security operations;
- d. Enhance the capability to counter terrorism and other transnational threats;
- e. Provide for the sustainment and long-term viability of acquired capabilities;
- f. Improve the cost-effectiveness of operations;
- g. Improve accountability and transparency in the DND;
- h. Increase professionalism in the AFP through reforms in areas such as promotions, assignments, and training; and,
- i. Increase the involvement of the AFP in the peace process.

According to the goals stated in the PDR Handbook, “The PDR served as the overall framework to re-engineer our systems and re-tool our personnel.” To do this, the PDR Program followed a three-phased implementation plan—(1) Create an environment for reform; (2) Enable the defense organization; and (3) Implement and institutionalize reform. The projects under each phase focused on developing the blocks of institutional reform that build upon the successes of the preceding projects.

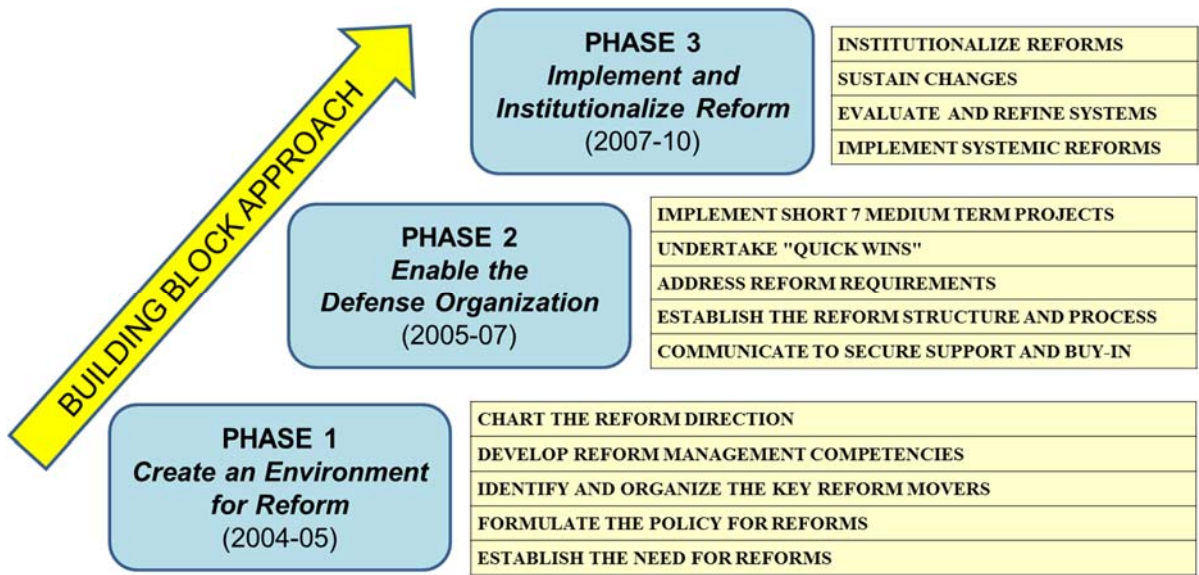


Figure 1. Building Block Approach to PDR Implementation

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4. Funding of the Philippine Defense Reform Program

Initially, PDR was jointly funded by the Philippines and the United States to demonstrate the commitment of both governments.³² The Philippine government deposited an equivalent of \$28.50 million to a U.S. Treasury account for PDR. The U.S. contributed \$61.21 million for the same purpose.³³ Additionally, separate funding from the DOD DRMS program paid for support from IDA. During the initial planning stage, it was assumed that the 18-year span of reform would encompass a period of steady rise in economic growth coupled with an equally steady decline in the military threat from terrorists and separatists. Neither of these projections proved accurate.

From 2007 to 2010, the Congress of the Philippines appropriated a total of 764.663 million PHP for the supervision, coordination, and direction of PDR. There were no new host nation funds allocated for the program from 2011 to 2013, given residuals from previous years' appropriations and U.S. Foreign Military Financing (FMF) for DSOM institutionalization. Host nation funding was restored from 2014 to 2017. The Congress of the Philippines allocated 405.977 million PHP for the development, implementation, and monitoring of DSOM for the period. To date, a total of 1,160.640 million PHP has been allocated.

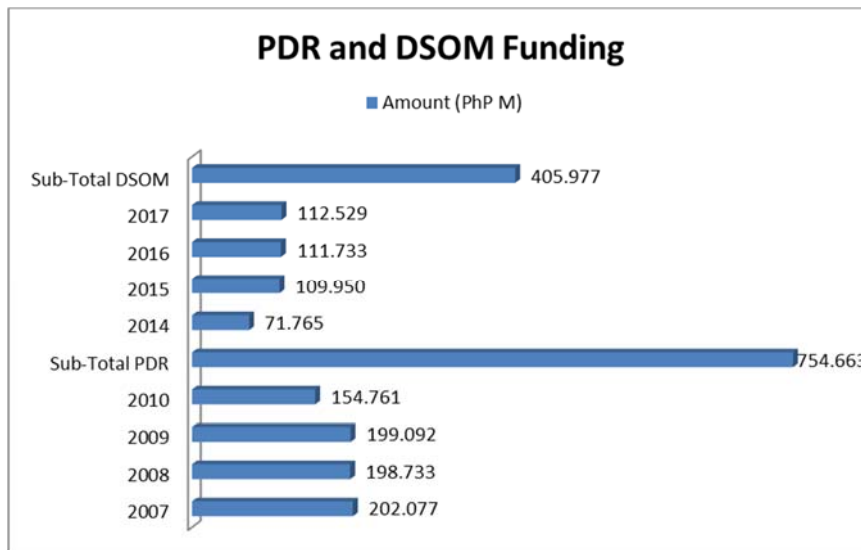


Figure 2. Summary of Host Nation Funding for PDR and DSOM³⁴

³² Delos Reyes, interview by author.

³³ Maniquis, interview by author.

³⁴ Department of Budget and Management, *Budget Documents*, <http://www.dbm.gov.ph/> (accessed April 26, 2017).

The overall direction of the PDR was to enhance AFP capabilities from a strategic and comprehensive perspective. The PDR was envisioned to provide institutional, structural, and systemic reforms to address current deficiencies in the DND that bred corruption, waste, and inefficiency. These reforms were based on templates for defense reform that have been tried and tested in several countries that have undertaken similar reform measures.

5. USG's Role in the Philippine Defense Reform Program

In addition to partly funding the program, the USG provided technical assistance to PDR. To facilitate the joint endeavor, the DND and the U.S. DOD established the PDR Executive Steering Committee. Composed of officials from the DND, U.S. DOD, the U.S. Defense Security Cooperation Agency, and the U.S. Pacific Command, the committee met annually to review and evaluate the progress of the PDR implementation. Sub-committee meetings were also held to resolve issues of mutual concern.

Another aspect of U.S. support was the employment of subject matter experts (SMEs) who provided technical expertise and advice on specific programs. Initially, the USG deployed military reservists who acted as SMEs on a rotational basis. Later, the reservists were replaced by 13 SMEs from Anteon Corporation who were contracted to work with the DND to address the various PDR key areas of concern. Most of the Anteon SMEs were retired U.S. military service members who specialized in their particular functional fields of concern. The JUSMAG-PHIL and the SMEs advised and assisted the DND and the AFP daily and influenced the course and speed of the reform efforts.

In addition to the Anteon SMEs, a team from IDA worked closely with the DND. The IDA-led team also included employees and independent contractors from Unysis and AT&T Inc.³⁵ The IDA team was primarily responsible for assisting the DND in the establishment of an integrated system of management and for progress of PDR Priority Programs 1, 6, 7, & 8, as follows:

1. Implementation of a strategy-driven, multi-year defense planning system
6. Planning, programming, and execution of a multi-year capability upgrade program for the AFP
7. Optimization of the defense budget and improvement of management controls
8. Creation of a professional acquisition workforce and establishment of a centrally-managed defense acquisition system

³⁵ Former AT&T employee and current IDA adjunct Harold Laughlin, interview by author, March 6, 2017, Bogota.

DND program sponsors were designated to provide support and advocacy, overall program oversight, and ultimately were in charge of program success, namely:

- Undersecretary for Defense Affairs (USDA) – Program Nos. 1 & 2
- Undersecretary for Civil, Veteran, and Reserve Affairs (USCVRA) – Program No. 9
- Undersecretary for Legal and Special Concerns (USLSC) – Program No. 10
- Undersecretary for Internal Affairs (USIA) – Program Nos. 4, 5, 6, and 7
- Undersecretary for Finance and Armed Forces Modernization Affairs (USFAFMA) – Program Nos. 3, 6, and 8

Given this setup, Undersecretary for Defense Affairs Antonio C. Santos, Jr. was the first program sponsor for the most important PDR POA&M of all, the implementation of a strategy-driven, multi-year defense planning system, which was seen as the panacea for most of the systemic defects mentioned in the JDA.³⁶ In response to the JDA findings, Undersecretary Santos initiated the development of the Strategic Defense Planning and Execution System (SDPES) which consisted of four sub-systems—strategic planning, joint operational planning, defense acquisition, and resource management.³⁷

The PDR program was originally scheduled to last until the end of the Arroyo administration. However by mid-2010, most of the programs were still in various stages of implementation. During their annual meeting in 2010, the PH-U.S. Mutual Defense Board, co-chaired by the Chief of Staff, AFP (CSAFP) and by the Commander, U.S. Pacific Command (CDRUSPACOM) endorsed “the continued support for the program to allow both the AFP and the USPACOM to properly plan resourcing efforts to meet PDR objectives.”³⁸ USG support to the program continued until the departure of the last U.S. SMEs in 2012. The rest of chapter 5 provides details on USG support to the following components of the PDR program.

A. Multi-Year Capability Planning System (MYCaPS).....	19
B. Major Defense Equipment Acquisition Study	28
C. Full Cycle of Contemporary Defense System of Management (DSOM).....	30
1. Defense Strategic Planning System (DSPS).....	34
2. Defense Capability Assessment and Planning System (DCAPS)	38
3. Defense Acquisition System (DAS)	45
4. Defense Resource Management System (DRMS).....	51

³⁶ Former DND Under Secretary for Defense Affairs MG Antonio C. Santos, Jr., AFP (Ret), interview by author, January 19, 2017, Taguig City.

³⁷ Department of National Defense, *Directive 01-2003, Implementation of the Strategic Defense Planning and Execution System (SDPES)* (Quezon City: DND, 2003).

³⁸ PH-U.S. Mutual Defense Board, *Report to Council of Ministers* (Quezon City: MDB Secretariat, August 18, 2010).

D. Decision Making Support Processes	59
E. Implementing and Institutionalizing DSOM.....	60

A. Multi-Year Capability Planning System (MYCaPS)

Prior to 2003, the AFP annual program and budget submissions were developed by Deputy Chief of Staff for Comptrollership, J6, on behalf of the CSAFP. The proposed program and budget that contained funds to support functional programs were centrally managed at the GHQ AFP and major service headquarters. Each of the AFP joint staffs and major service headquarters coordinating staffs were designated as program directors who controlled and managed their respective functional programs through their designated project administrators.

During budget execution, a certain percentage of the annual appropriations were withheld at GHQ AFP and major service headquarters levels to form part of the so-called “contingency funds.” These centrally managed funds were released at the discretion of commanders to support other requirements not foreseen nor specifically included in the regular budget program. The Feliciano Commission noted that a substantial portion of these contingency funds would end up as personal assets or in the personal bank account of a commander.³⁹

Secretary Cruz decided that this traditional practice of resource planning and management had to stop.⁴⁰ Thus, he instituted the Multi-Year Capability Planning System (MYCaPS) in August 2004.⁴¹ MYCaPS was DND’s over-arching system to link national priorities and defense strategy to planning, development and maintenance of defense capabilities, budgets, and budget execution. It also focused on reducing centrally managed funds held at headquarters level and downloading most of them to the operating units or designated program elements.

Understandably, there was resistance among the AFP joint staffs and coordinating staffs of the major services because the budget reforms being introduced adversely affected their traditional way of doing business. Although there were a few skeptics who did not want the reforms to succeed, most of the commissioned officers, enlisted personnel, and civilian employees appreciated the changes.

The IDA team worked together with the DND proper⁴² staff in developing the MYCaPS resource management sub-system tailored to MND requirements, which included features of

³⁹ Feliciano, et.al, *Commission Report*, 69-71.

⁴⁰ Director Dinna Anna Lee Cartujano of the Office of the Assistant Secretary for Financial Management, DND, interview by author, January 19, 2017, Quezon City.

⁴¹ Department of National Defense, *Directive 01-2004, Multi-Year Capability Planning System* (Quezon City: DND, 2004).

⁴² DND proper refers to Office of the SND and his Undersecretaries, Assistant Secretaries, and Directors. DND by itself refers to the Office of the SND (or DND proper), as well as the AFP and civilian bureaus, such as the Government Arsenal, National Defense College of the Philippine, Philippine Veterans Affairs Office, and Office of Civil Defense.

Planning, Programming, Budgeting, and Execution Systems used by several western defense ministries.

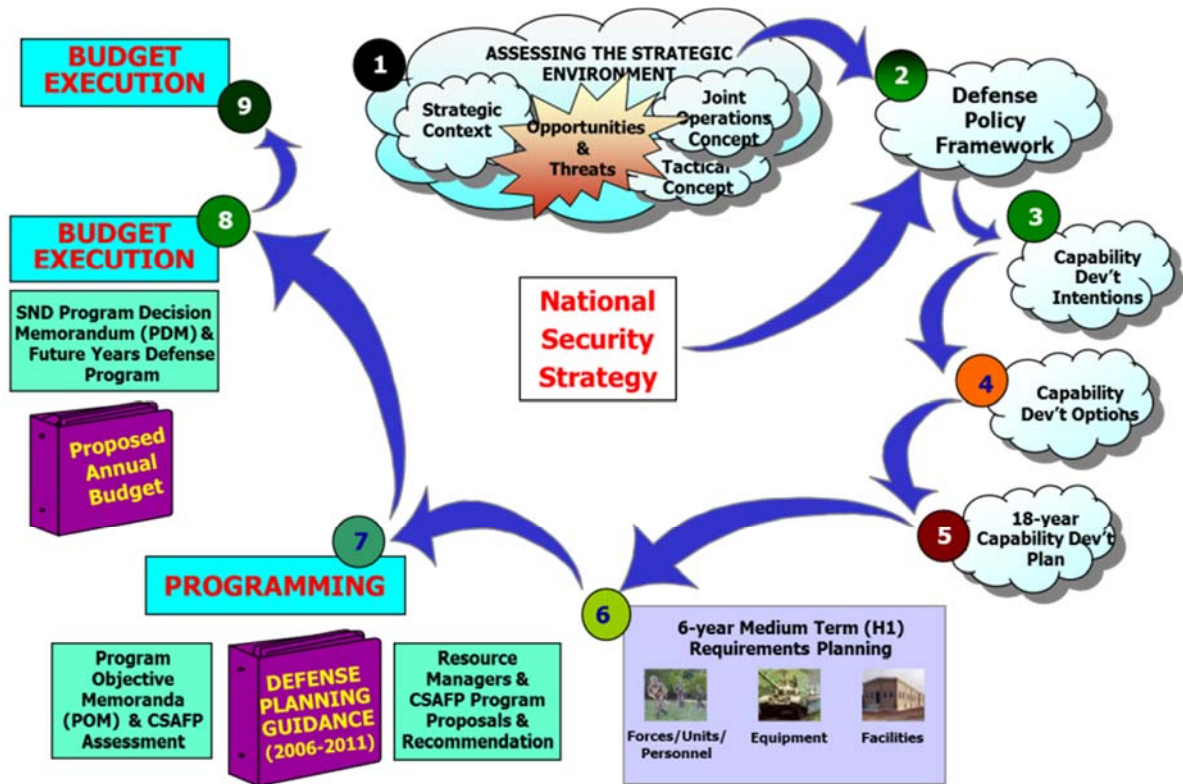


Figure 3. MYCaPS Process Flow

Focused on developing capabilities, MYCaPS was a medium-term resource planning process that was supported by the Defense Resource Management Model (DRMM), a computer analytical model that related the force structure to costs.⁴³ By establishing a strong link between program content and costs, the model provided the means for developing and submitting program proposals, quickly producing user-defined reports to support assessment and analysis needs during the program review process, and recording the SND-approved defense program and programmatic and financial objectives for performance reviews.

MYCaPS had three planning horizons—H-1, H-2, and H-3—each for a period of six years, coinciding with every presidential term. The program structure had three levels—Level 1 -

⁴³ The Defense Resource Management Model (DRMM) was the initial computer program that supported MYCaPS. The IDA team provided the software and helped organize the DRMM Division of Office of the AFP Deputy Chief of Staff for Plans, J5 that administered the model. The IDA team trained prospective users and analysts on the use and functionality of the model. The DRMM was used in more than 20 countries in Europe, Asia, and the Middle East. The Force-Oriented Cost Information System (FOCIS) model replaced the DRMM in 2008 and is currently the primary programming and analytical tool used to support DSOM processes.

Forces/Capabilities (Major Programs), Level 2 - Sub-Programs (Mission Areas), and Level 3 - Program Elements (Units and Resources).



Figure 4. MYCaPS Program Structure

The resource management framework employed in MYCaPS provided for centralized SND defense policy, resource planning direction, and resource allocation decision making. It included resource managers⁴⁴ and budget account holders to facilitate resource planning and decision making.

Major Programs and Budget Accounts	Resource Managers and Budget Account Holders
1. Land Forces	1. CG, Philippine Army
2. Air Forces	2. CG, Philippine Air Force
3. Naval Forces	3. FOIC, Philippine Navy
4. Joint C2, Support & Training	4. VCSAFP
5. Central Administration	5. USEC for Defense Affairs

Figure 5. MYCaPS Major Programs and Resource Managers

⁴⁴ In the jargon of the U.S. Department of Defense, the resource managers referred to in MYCaPS would be called *program managers* in the context of the U.S. Defense Department’s Planning, Programming, Budgeting, and Execution System.

Having the same person serve as resource manager and budget account holder for both the program and the budget account aligned responsibility, authority and accountability during programming, budgeting and spending plan development, and program performance and budget execution reviews. Resource managers were directly accountable to the SND. The resource managers of programs 1, 2, and 3 directly submitted their proposed programs and budgets to the SND but provided a copy to the CSAFP. The CSAFP submitted a separate assessment of the programs of the major services to the SND. The CSAFP assessment judged whether military service programs adequately supported the requirements of the Unified Commands.

Initially, some members of the AFP Joint Staff resisted the new resource management framework. For them, it diminished the power of the CSAFP to influence the budget of the major services, and they felt the concept was not in accord with the provisions of the Revised Administrative Code of 1987.⁴⁵ However, Section 45 of the same code authorized the SND to reorganize GHQ AFP. Implicitly, MYCaPS was intended to institutionalize the “force provider—force employer” concept where programs 1, 2, and 3 or the major services are the force providers, while Program 4 or GHQ AFP, through the Unified Commands, is the force employer.

MYCaPS further directed the resource managers to establish their respective resource management offices to support them in developing financially realistic program, budget, and spending plan proposals that complied with centralized policy and planning direction provided by the SND; accomplishing established programmatic and financial management objectives established by the SND; and reporting performance against established objectives. In compliance with the SND’s directive, the CSAFP deactivated the once-powerful Office of the Deputy Chief of Staff for Comptrollership, J6⁴⁶ and divided it into four new offices to provide an effective means of checks and balances, as follows:

- a. GHQ Resource Management Office⁴⁷
- b. GHQ Management and Fiscal Office
- c. AFP Office of the Internal Auditor
- d. GHQ Accounting Center

⁴⁵ Malacañán Palace, *Executive Order No. 292, Instituting the “Administrative Code of 1987”* (Manila: Malacañán, 1987).

⁴⁶ CSAFP GEN Efren L. Abu, “Defense Governance: The AFP’s Reform Agenda”, speech, 15 March 2005, <http://www.fnf.org.ph/news/general-efren-abu-speech.htm> (accessed on March 27, 2017).

⁴⁷ The author was one of the original staff of the GHQ resource management office as executive officer and concurrently as chief, Analysis and Evaluation Division.

Following the lead of GHQ AFP, the major services deactivated their respective comptroller staffs and established their own resource management offices and counterpart financial management offices.

To jumpstart the implementation of MYCaPS, the IDA team conducted a five-day Defense Resource Management System (DRMS) Simulation Workshop from September 20-25, 2004. The objective of the workshop was to train action officers and other relevant staff on how MYCaPS processes work. During the simulation, the participants walked through the planning, programming, and budgeting processes of MYCaPS with a fictitious scenario. The participants would later become MYCaPS champions in their respective offices. The IDA team, in collaboration with the PH assistant project manager for DRMS,⁴⁸ conducted another DRMS Simulation Workshop from June 13-17, 2005, to train prospective trainers and facilitators of the simulation. From then until August 2007, the PH assistant project manager, together with the trained facilitators, conducted 12 MYCaPS week-long DRMS simulation workshops to train prospective MYCaPS practitioners at the GHQ AFP and the major services.

The submission of the CSAFP's Programming Advice (CSPA) in December 2004 marked the start of the first MYCaPS cycle. Taking into consideration the Unified Commanders' operational requirements that were included in the CSPA, the SND issued the first ever Defense Planning Guidance (DPG). The DPG was collaboratively developed by the DND proper staff and the IDA team.⁴⁹ The DPG intended to institutionalize a defense planning system that was based on SND policy guidance and responsive to capability needs. The DPG followed the tradition of calling upon the military to perform such peacetime tasks beyond the functional specialization of soldiery. It identified seven mission areas for which the DND should strategize, plan, implement, and develop capabilities.⁵⁰ These were:

1. Internal Security;
2. Territorial Defense;
3. Disaster Response;
4. Support to National Development;
5. International Defense and Security Engagements;
6. International Humanitarian Assistance and Peacekeeping Operations; and

⁴⁸ The author was also designated as the PH assistant project manager for DRMS concurrently.

⁴⁹ Department of National Defense, *Defense Planning Guidance 2006-2011* (Quezon City; DND, 2004).

⁵⁰ Pursuant to Department Circular No. 3 dated April 11, 2013, "Issuing the Implementing Rules and Regulations of the Revised AFP Modernization Act," the seven mission areas were later reduced to four: (1) Territorial Defense, Security, and Stability; (2) Disaster Risk Reduction and Response; (3) International Engagements, Humanitarian Assistance, and Peace Support Operations; and (4) Force Level C2, Support, and Training.

7. Force-level Command and Control, Support, and Training.

The DPG and the accompanying Program Preparation Instructions (PPI) directed the preparation of a six-year defense program covering the period 2006-2011. Its primary focus was to upgrade the readiness of priority units of the armed forces and propose solutions to shortfalls in fuel and ammunition. With a ceiling of 46.507 billion PHP, the proposed 2006 defense budget would have been developed, as shown in Table 1, using the old functional-based program structure.

Table 1. Functional-Based 2006 DND Budget



**2006 DND BUDGET BASED ON
THE OLD (FUNCTIONAL-BASED) STRUCTURE**

PROGRAMS/PROJECTS/ ACTIVITIES	PS	MOOE	CO	TOTAL
A. PROGRAMS	731,344	401,829	50	1,133,223
I. General Admin & Support	3,528,217	1,026,902	10,000	4,565,119
II. Support to Operations	31,585,749	9,161,473	35,874	40,783,096
III. Operations				
B. PROJECTS	35,845,310	10,590,204	45,924	46,481,438
Locally-Funded Projects	2,290	23,315	-	26,605
TOTAL DND REGULAR BUDGET	35,847,600	10,613,529	45,924	46,507,043

With the assistance of the IDA team, the DRMM Division⁵¹ of the Office of the AFP Deputy Chief of Staff for Plans, J5, played a key role in developing the 2006-2011 defense program. The DRMM was the principal tool in developing the Program Objective Memoranda (POM) of the resource managers and determining offsets to budgetary shortfalls. Hence, the 2006 DND budget proposal was the result of planning that focused on creating the capabilities necessary to perform missions in support of national objectives. The main objective was to balance readiness ratios for personnel, training, maintenance, equipment, and facilities.⁵² Excess funding for personal services

⁵¹ In January 2005, the DRMM Division was renamed Analysis and Evaluation Division (AED) and transferred to the newly established GHQ Resource Management Office. The chief, DRMM (later AED) Division was dual-hatted as assistant project manager for DRMS, DND. The AED became one of the core divisions of GHQ Resource Management Office while continuing to operate as the DND Central DRMM Office, and supported the program evaluation and analysis requirements of the Office of the Assistant Secretary for Plans, DND. In 2010, the AED was transferred again to the Office of the AFP Deputy Chief of Staff for Plans, J5, and was renamed FOCIS Division. From then on, it functioned as the DND Central FOCIS Office under the operational control of OASPP, DND.

⁵² Santos, *MYCaPS Briefing for Strategic Leaders* (Quezon City: DND, November 13, 2005).

in the amount of 1.911 billion PHP was realigned to support funding shortfalls in fuel, ammunition, and capital outlay, as shown in Table 2.

Table 2. Proposed 2006 DND Budget by Mission Area



NEW BUDGET CAPABILITY-BASED STRUCTURE

(In thousand pesos)

MISSION AREAS	PS	MOOE	CO	TOTAL
MA1 – Internal Security Operations	22,386,731	5,495,329	328,514	28,210,574
MA2 – Territorial Defense	873,698	244,521	-	1,118,219
MA3 – Disaster Response	175,659	126,585	10	302,254
MA4 – Support to National Development	1,653,252	723,893	3,214	2,380,359
MA5 – International Defense and Security Engagement	-	104,334	-	104,334
MA6 – Humanitarian Assistance and Peacekeeping Operations	-	5,823	-	5,823
MA7 – Force-Level Central Command and Control (C2), Training, and Support	8,847,400	5,348,044	190,036	14,385,480
DND-WIDE TOTAL	33,936,740	12,048,529	521,774	46,507,043

Another hurdle in the budget reform process was the need to sell the idea of a new DND program structure to the Philippine National Department of Budget and Management (DBM) and to the Congress of the Philippines. Without their agreement, reforms within DND would not materialize. Given their experience in dealing with complex bureaucracies in different countries, the IDA team assisted DND officials in convincing the DBM and the Congressional Planning and Budget Office (CPBO) staffs to agree to the new program structure for the DND. Unfortunately, Congress failed to enact the 2006 General Appropriations Bill that included the proposed 2006 defense budget. This was due to deadlocks at the Bicameral Conference Committee and failure to strike a compromise between the Senate and House of Representatives versions of the 1.053 trillion PHP proposed national budget.⁵³ Thus, while the process reform was a success, its implementation faltered due to internal Philippine political battles within the legislature.

⁵³ Senate of the Philippines, *Press Release, GMA's Threat to Veto 2006 Budget Reflects Badly on Her Leadership* (Manila: PHSenate, June 7, 2006), https://www.senate.gov.ph/press_release/2006/0607_pimentell1.asp (accessed March 20, 2017).

To support government operations in 2006, the previous year's appropriations were automatically re-enacted.⁵⁴ This budget re-enactment process strengthened the president's control over allocations, "owing to larger savings that can be disbursed at her discretion."⁵⁵ Unfortunately, because of the non-passage of the 2006 General Appropriations Bill, the adoption of the new capability-based program structure for the DND was postponed for another year.

The new program structure was finally adopted with the approval of the 2007 General Appropriations Act on March 22, 2007.⁵⁶ For the first time in recent years, the annual defense budget included an amount of 202.077 million PHP for supervision, coordination, and direction of PDR. Appropriating funds for the implementation of the program demonstrated the administration's commitment to implementing defense reforms. To reduce the incidence of "conversion," the approved 2007 defense budget further authorized the use of "combat expense" at the company-level tactical unit in the armed forces for incidental and necessary expenses incurred during operational exigencies.⁵⁷

With MYCaPS, DND was considered a pioneer among government line departments in developing multi-year programs when it came up with the 2006-2011 Defense Program. As the SND-approved statement of projected DND resource requirements and capabilities for the next six years, the program called for relatively flat budgets but adjusted for inflation that averaged 46.507 billion PHP for 2006 through 2011. Budget reforms at DND became contagious and spilled over to other government agencies. Acknowledging that capital investments and other major projects during the budget year can have an effect on future years' programs, DBM followed DND's lead and now requires all national government agencies to submit two-year forward estimates for their succeeding year's budget proposals.⁵⁸

B. Major Defense Equipment Acquisition Study

In April 2004, the SND requested the IDA team study how current acquisition processes could be streamlined. As it was, the defense weapons board process combined capability and

⁵⁴ Sec. 25(7), Article VI of the 1987 Philippine Constitution states "If, by the end of any fiscal year, the Congress shall have failed to pass the general appropriations bill for the ensuing fiscal year, the general appropriations law for the preceding fiscal year shall be deemed re-enacted and shall remain in force and effect until the general appropriations bill is passed by the Congress."

⁵⁵ Department of Budget and Management, *A Story about Budget and Management Reforms 2010-2016* (Manila: Department of Budget and Management, 2016), 206, <http://www.dbm.gov.ph/wp-content/uploads/Executive%20Summary/2016/D2.%20Integrity%20Updated.pdf> (accessed March 20, 2017).

⁵⁶ Congress of the Philippines, *Republic Act No. 9401, General Appropriations Act FY 2007* (Quezon City: Congress of the Philippines, 2007) <https://archive.org/details/GeneralAppropriationsActFY2007> (accessed March 20, 2017).

⁵⁷ *Ibid.*, A-24.

⁵⁸ Department of Budget and Management, *Circular Letter 2013-10, Forward Estimates (FEs) for FYs 2015-2017* (Manila: DBM, 2013), <http://www.dbm.gov.ph/wp-content/uploads/Issuances/2013/Circular%20Letter/CL-2013-10.pdf> (accessed March 20, 2013).

acquisition planning and procurement-contracting functions. In addition to being bottom-up driven, the capability development planning process had numerous layers with little DND proper involvement. The circuitous major equipment acquisition process took a considerable amount of time before a decision was made.

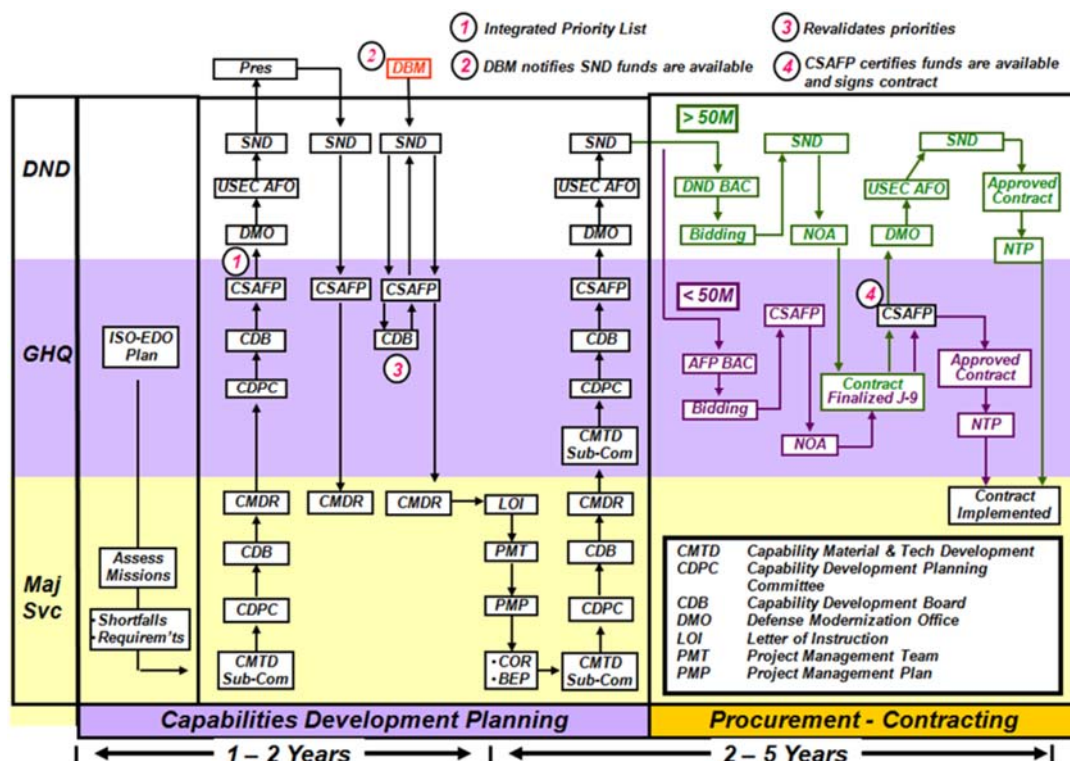


Figure 6. Major Equipment Acquisition Process (2004)

Moreover, the process did not consider capability requirements from a joint operational perspective that addressed defense and national security challenges of utmost concern. The AFP Modernization Program Management Office (AFPMPMO) apportioned to GHQ AFP and the major services what were considered their “fair share” of the meager AFP Modernization Program Funds released by DBM, thereby precluding them from acquiring major defense equipment, such as commissioned vessels, aircraft, armored vehicles, weapon systems, etc. Moreover, maintenance and operations of major equipment acquisitions and other capital outlays for future years were usually not included in the decision analysis.

The IDA team recommended that DND develop an integrated system of systems that had four mutually supporting systems—strategic planning, capability assessment and planning, acquisition, and resource management. The integrated system of systems should involve all key stakeholders; have short clear lines of authority, responsibility, and accountability; and use streamlined decision making support processes that enable senior leaders to make timely,

integrated resource allocation and modernization program decisions. This eventually came to be known as the DSOM.

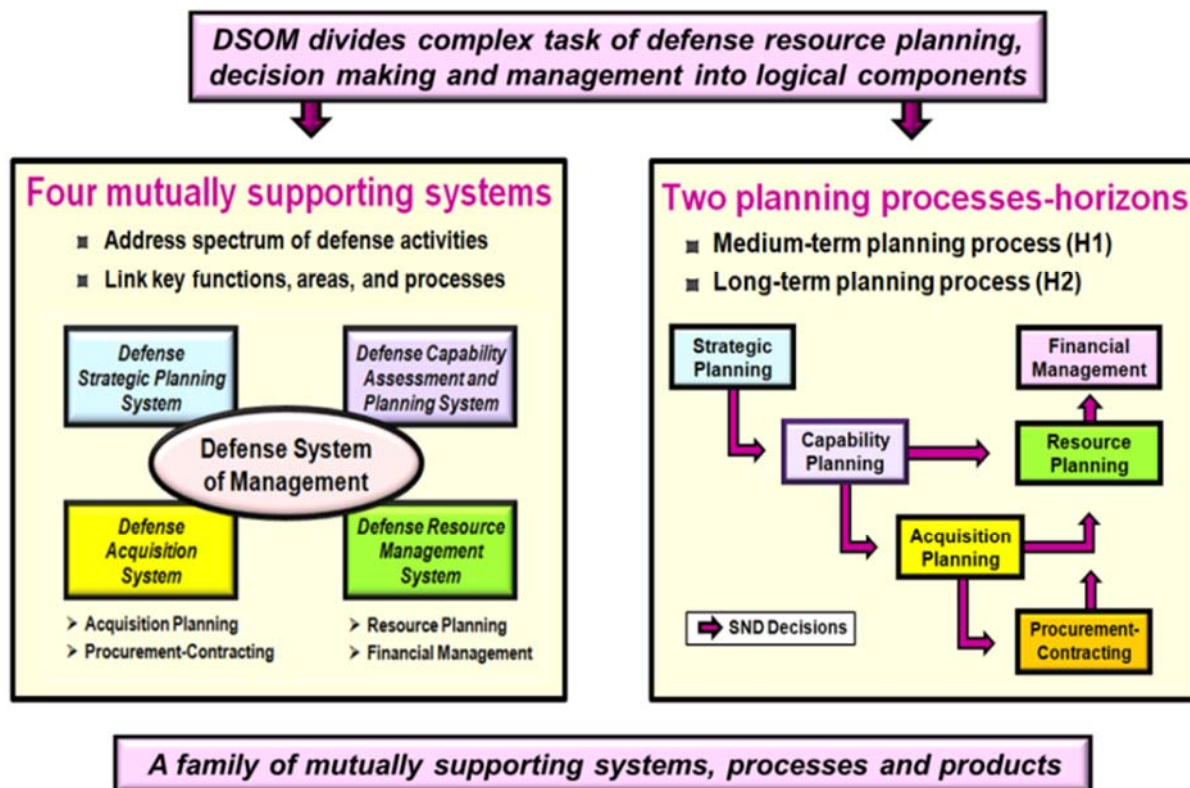


Figure 7. Defense System of Management Processes

C. Full Cycle of Contemporary Defense System of Management (DSOM)

Acting upon the recommendation of the IDA team, Secretary Cruz issued MYCaPS, Phase II in November 2006.⁵⁹ The integrated DND integrated systems approach contained in MYCaPS II was called DSOM. With IDA's assistance, two subsequent secretaries—Teodoro and Gazmin—redesigned DSOM to conform to the DND proper reorganization established during their respective tenures. Secretary Teodoro promulgated DSOM II⁶⁰ in September 2008 and Secretary Gazmin issued DSOM III⁶¹ in July 2011.

⁵⁹ Department of National Defense, *Circular No. 1, The Multi-Year Capability Planning System (MYCaPS), Phase II* (Quezon City: DND, 2006).

⁶⁰ Department of National Defense, *Circular No. 05, The Defense System of Management (DSOM)* (Quezon City: DND, 2008).

⁶¹ Department of National Defense, *Circular No. 11, The DND Proper Organization and the Defense System of Management (DSOM)* (Quezon City: DND, 2011).

While DSOM was a work in progress, interest in its implementation was like a roller coaster. There were two year-long interregnums, from November 2006 to August 2007 and from November 2009 to June 2010, after the respective departures of Secretaries Cruz and Teodoro in 2006 and 2009. The interregnums were characterized by reorganizations of DND proper staff, frequent turnover of senior military officials, and institutional resistance to reform efforts. Given this, IDA’s assistance with implementing DSOM did not make much headway during these periods.

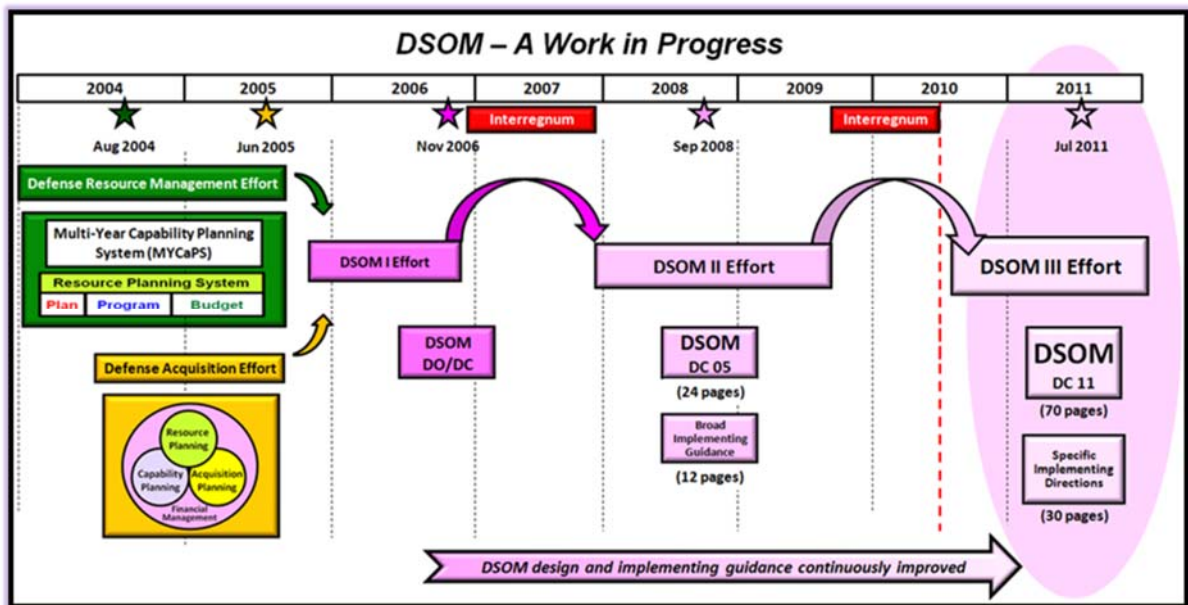


Figure 8. Evolution of DSOM

Following each reorganization, newly appointed DND proper senior executives were not familiar with the DSOM process and how it was intended to operate. Likewise, attempts to implement the DSPS, DCAPS, DAS, and program performance review processes were not successful.

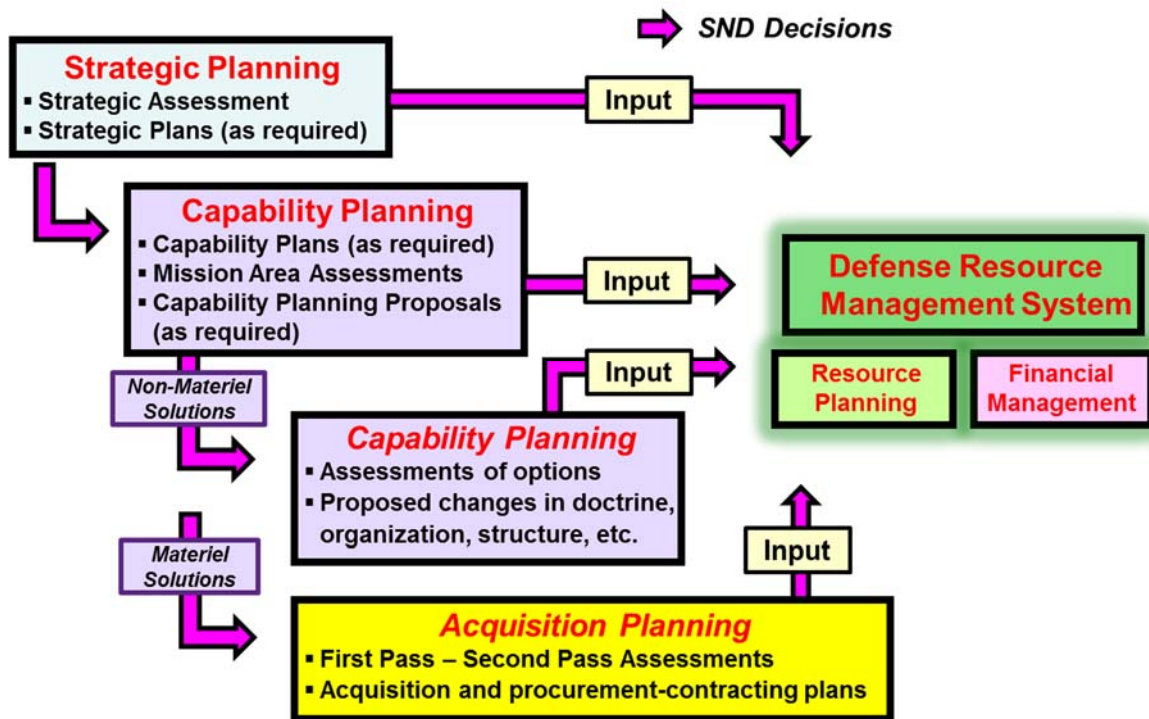


Figure 9. DSOM Processes and Products

On May 25, 2011, nearly a year after the change in administration, President Benigno S. Aquino III promulgated Memorandum Order No. 17, directing the full implementation of a defense reform program, institutionalizing the proper stewardship of public funds by the DND, and expeditious investigation and prosecution of offending personnel.⁶² The memorandum was a spark that ignited the DND's renewed interest in the implementation of DSOM. The president ordered the review and continued implementation of reform programs in the defense and military establishment, particularly those relating to:

- a. DSOM, built upon the concept of a strategy-driven, capability-based, multi-year planning process, inclusive of its four mutually supporting components: the DSPS, DCAPS, DAS, and DRMS;

⁶² Malacañan Palace, *Memorandum Order No. 17, Directing the Full Implementation of a Defense Reform Program, Institutionalizing the Proper Stewardship of Public Funds by the Department of National Defense (DND) and Armed Forces of the Philippines (AFP), and Providing for the Expeditious and Effective Investigation and Prosecution of Offending DND and AFP Personnel* (Manila: Malacañan, 2011). This order came following a corruption scandal, unprecedented in scale that rocked the military establishment in early 2011. Details on the alleged anomalous transactions were uncovered during the hearings conducted by the Philippine Senate Blue Ribbon Committee from January 27 to March 3, 2011, regarding the plea bargaining agreement by and between government prosecutors and an Army general officer who was charged with plunder. What used to be spoken in whispers in military circles came into full public view, confirming the allegations of the rebellious few.

- b. The improvement of logistics capacity to address, among others, urgent requirements for combat operations;
- c. The transparent implementation of the AFP Capability Upgrade Program (CUP) that optimizes the use of the AFP Modernization Program Trust Fund through a centralized DAS under the DND that is fully compliant with the Government Procurement Reform Act; and
- d. The optimization of the defense budget and improved financial and management controls that minimize centrally managed funds in the GHQ AFP and push resources down to operating units.

To comply with the presidential directive, the DND proper staff, in collaboration with the IDA team, developed a revised Department Circular (DC) that defined the management framework and primary planning and decision-making processes of DSOM as they apply to the new DND Proper organization. On July 1, 2011, Secretary Gazmin signed DC No. 11, which⁶³

- a. Defined the four mutually supporting systems—DSPS, DCAPS, DAS, and DRMS—and how they are intended to operate;
- b. Provided amplifying guidance regarding the primary planning processes and products of each of the systems;
- c. Established policy and assigned functions and responsibilities relating to the conduct of DSOM that conform to the organization and internal operating procedures of the DND proper organization. The changes in responsibilities from DC 05 to DC 11 are highlighted (in red font) in the new DND proper organizational chart, as shown below (Figure 10):
- d. Provided guidelines that govern how DND proper offices shall relate to each other and interact with other DND organizations in the conduct of DSOM, including the AFP and the civilian bureaus;
- e. Authorized and directed the heads of concerned DND proper staff offices and civilian bureaus, including the AFP, to communicate and initiate actions to comply with the requirements of DSOM; and
- f. Authorized the publication of amplifying guidelines that facilitated implementation and institutionalization of DSOM in the DND proper, the AFP, and the civilian bureaus.

⁶³ Despite the change in administration, DC 11 is still in effect as of the date of this publication.

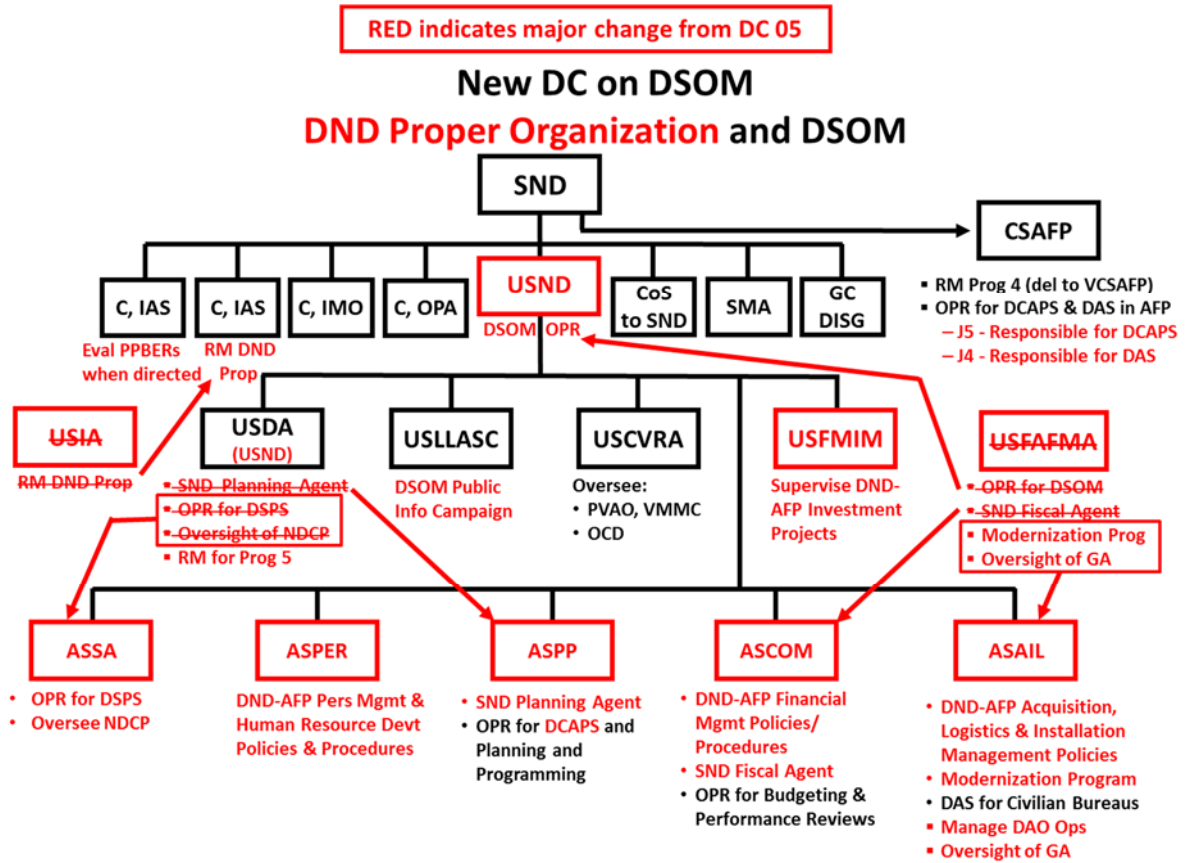


Figure 10. Organizational Changes from DC 05 to DC 11

Unlike MYCaPS which had three horizons, DSOM has only two six-year planning horizons—H1 and H2. The differences of the medium-term and the long-term planning horizons are illustrated by Figure 11.

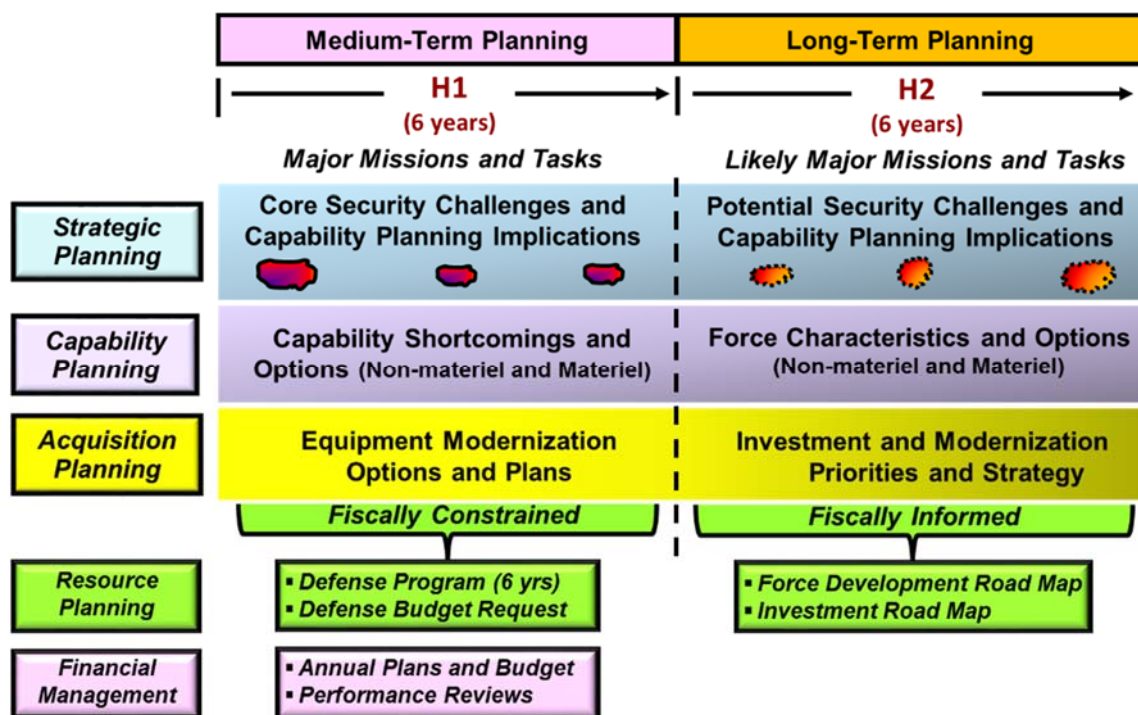


Figure 11. DSOM Planning Horizons

The four mutually supporting systems and two planning processes of DSOM were designed to provide a continuum that enables senior leaders to address the DND’s medium- and long-term defense needs in a logical fashion, which is something that the department has not been able to do in the past. It also important to note that the DSOM processes and products developed for senior leader consideration involve collaborative efforts.

1. Defense Strategic Planning System (DSPS)

The DSPS is designed to provide a systematic approach for identifying core and peripheral national defense and security-related issues of greatest concern and their implications with regard to developing a six-year defense program and year-1 defense budget proposals. To pursue national security, the Philippine national leadership has defined two broad national security policy objectives:⁶⁴

- a. To promote internal socio-political stability and
- b. To enable the Philippines to exercise full sovereignty over its territory and provide protection to its maritime interests.

⁶⁴ Department of National Defense, *Strategic Planning Assessment 2013-2018* (Quezon City: DND, May 31, 2011), 2.

Strategic objectives provide the broad base of key mission areas and are the focus of efforts and resources. The national security objectives are the bases for strategic assessments. For the 2013-2018 planning cycle, the following assessment methodology was used to facilitate the identification and prioritization of security concerns:

Table 3. Security Concerns Assessment Matrix

Nature of Security Concern		Level of DND-AFP Involvement
<ul style="list-style-type: none"> ▪ Impact on national security ▪ Urgency of the concern ▪ Impact on international relations 		
core	HIGH	DND and AFP as lead actor
		DND and AFP shares responsibility with other actors / government agencies
		DND and AFP provides support to other actors / government agencies
peripheral	MEDIUM	DND and AFP provides support to other actors / government agencies
	LOW	DND and AFP provides support to other actors / government agencies

Developed biennially, strategic assessments are based on defense mission areas; highlight security environments and challenges from a national security and defense planning perspective; and identify broad planning options to address the environment and its emerging and potential challenges of utmost concern identified by the SND.

Because the DND does not have the resources available to do everything, resource planning must be directed toward addressing the highest-priority security concerns, while at the same time enabling the AFP to respond effectively to peripheral security concerns, if they materialize. This requires an approach that identifies core security concerns that the department must respond to and ranks those concerns based on their level of impact on national security and the department's level of involvement in addressing each concern. It also highlights other concerns of which the department must be mindful.

Led by the Assistant Secretary for Strategic Assessments (ASSA), the assessment process included a broad range of expertise from the intelligence and operational communities, National Security Council (NSC), National Defense College of the Philippines (NDCP), and other stakeholders. The process developed two types of assessment products—full assessment in odd-year planning cycles and mini assessment in even-year planning cycles. The mini assessment updates the last full assessment and is conducted in two months or less.

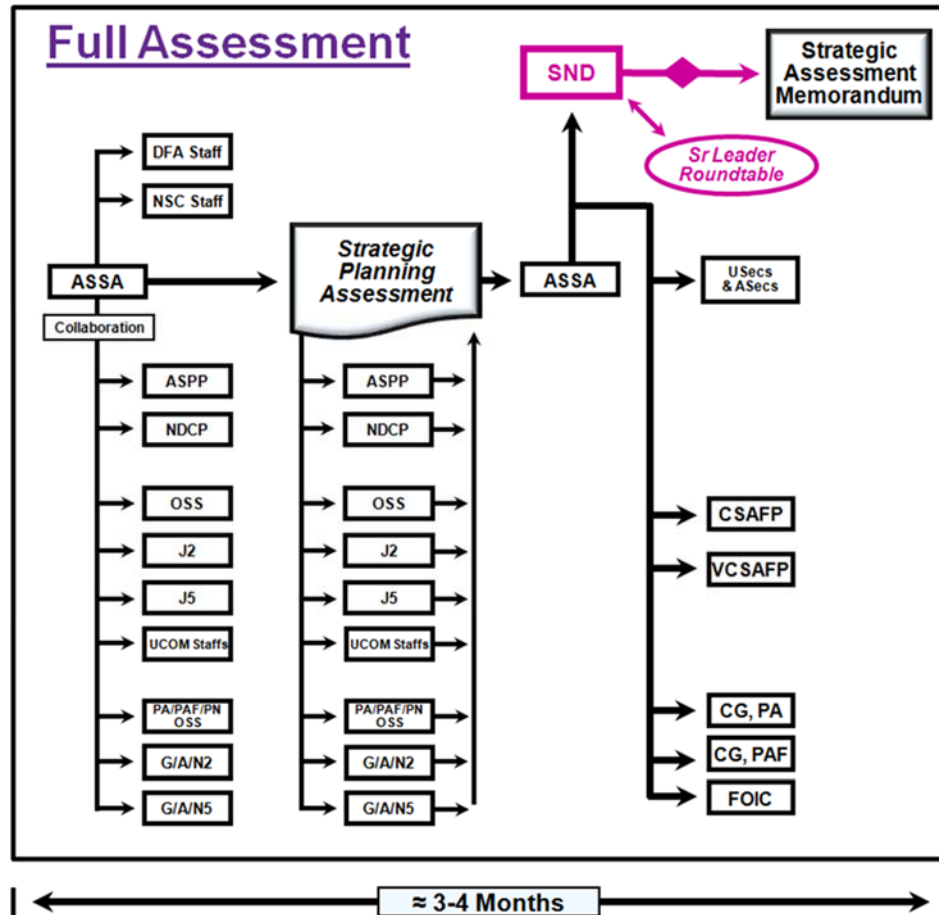


Figure 12. Full Strategic Assessment Process

DSPS products and their relationship to the rest of DSOM are depicted in Figure 13:

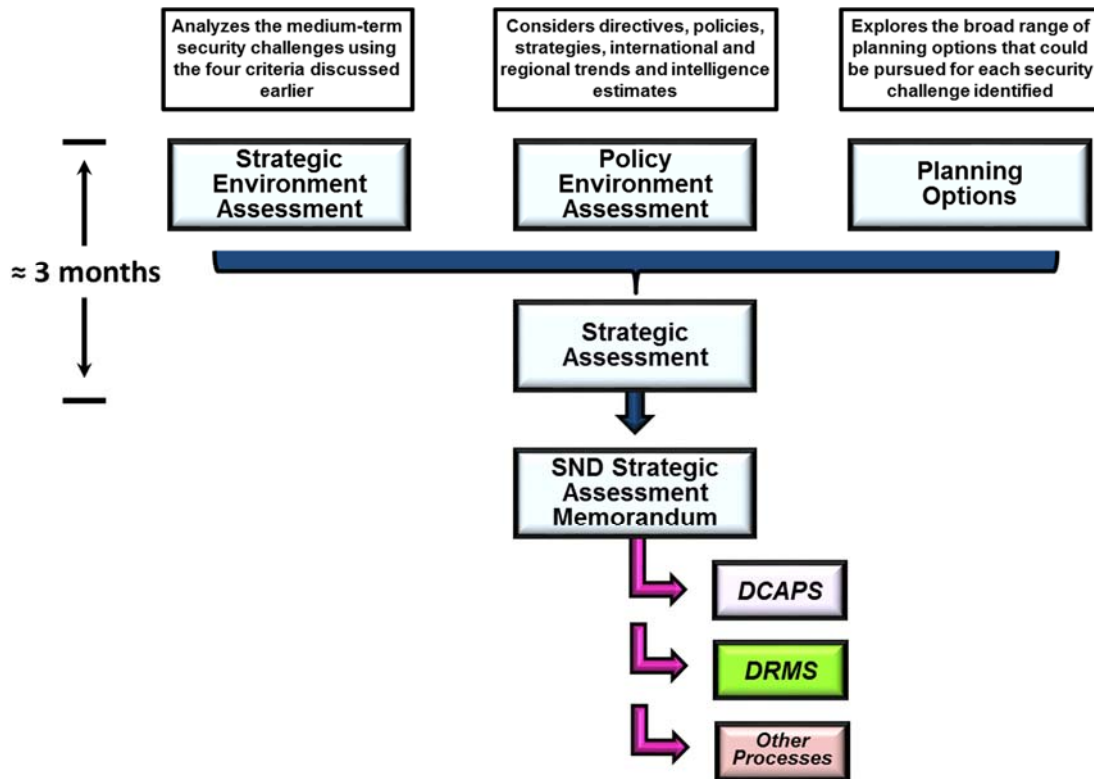


Figure 13. DSPS Produces Strategic Assessments that Feed the rest of DSOM

The core and peripheral security challenges identified during the strategic assessment process and the decisions made and guidance provided by the SND shaped the mission area assessment and resource planning processes that followed.⁶⁵ For the 2013-2018 period, the following are the identified defense and security concerns, listed in order of priority:⁶⁶

- a. Core security concerns
 - 1) Challenges to territorial integrity
 - 2) Maritime security
 - 3) Natural disasters

⁶⁵ Department of National Defense, *Strategic Environment Assessment 2013-2018* (Quezon City: DND, April 15, 2011).

⁶⁶ Department of National Defense, *Defense Planning Guidance 2013-2018* (Quezon City: DND, October 11, 2011), 4-8.

- 4) Internal security
- b. Peripheral security concerns
 - 1) Conflicts in the East Asia region
 - 2) Middle East crisis
 - 3) Good governance
 - 4) Food and water security
 - 5) Proliferation of weapons

2. Defense Capability Assessment and Planning System (DCAPS)

DCAPS is designed to be a systematic, policy-driven approach for identifying capability-related planning issues that warrant senior leader discussion and SND decisions. These planning issues should be limited to high -priority capability gaps, cuts to existing capability of potentially declining relevance, or realigning current or planned capabilities to meet evolving defense and security needs.

In late 2010, assisted by the IDA team, the AFP conducted a mini DCAPS to train prospective members of assessment teams on the process. The assessment teams used the FOCIS database as an assessment tool.⁶⁷ However, the activity was not successful because the data in FOCIS did not reflect the military service's current or planned force structure. Hence, there was a need to update the data and to be assured of data integrity going forward. To that end, major service commanders were made to certify the accuracy of their FOCIS database before the second round of DCAPS.⁶⁸

On April 13-15, 2011, the IDA team, in collaboration with the DND proper staff, conducted a workshop to familiarize prospective members of the AFP DCAPS *ad hoc* assessment teams with the 2013-2018 DCAPS process. The workshop and discussions highlighted the following concerns:

- a. Key management concepts, linkages, and products
- b. Importance of analysis and collaborative problem solving
- c. Potential implementation challenges

During the workshop, data from the FOCIS 2012-2017 Defense Program database (which had been certified by the service commanders) was used. Using the actual data made it easier for

⁶⁷ FOCIS replaced *DRMM* in 2008.

⁶⁸ LTG Arturo B. Ortiz AFP, Commanding General Philippine Army, *Letter to SND Certifying the Accuracy of FOCIS Database* (Taguig City: HPA, February 18, 2011) and RADM Alexander P. Pama AFP, Flag Officer-in-Command Philippine Navy, *2012-2017 POM Certification of Program 3 (Naval Forces)* (Manila: HPN, March 10, 2011).

the workshop participants to relate to the data and it sent a signal to the service commanders that they would be expected to stand behind their data during the 2013-2018 round of DCAPS.

Shortly after the workshop, on May 3, 2011, the SND issued the 2013-2018 Capability Planning Guidance. The guidance was collaboratively developed by the DND proper staff, AFP Deputy Chief of Staff for Plans (J5), and the IDA team. The guidance contained the secretary's directions for conducting the second round of the AFP DCAPS effort.⁶⁹ It also assigned functions and responsibilities relating to the conduct of DCAPS that conform to the organization and the internal operating procedures of the DND proper organization and the spirit and intent of DSOM. Additionally, it authorized and directed DND proper officials and the AFP to communicate and initiate actions to comply with the requirement contained in the guidance.

The DCAPS process that the AFP followed during the 2013-2018 planning cycle had three major components:

- a. **Senior Leader Roundtable Discussions (SLRTDs)** that enabled them to gain informed insights on AFP capability and resource planning challenges;
- b. **AFP Defense Mission Area Assessments** that critically evaluated the adequacy of the AFP capabilities programmed in the 2012-2017 Defense Program for three mission areas—Internal Security; Territorial Defense; and Force-level C2, Support, and Training—and identified issues warranting senior leader discussion and SND decision; and
- c. **Capability Planning Proposals** that defined the capability issues in broad operational terms, assessed the relative merits of a range of potential solutions to the issues, and identified the recommended courses of actions for senior leader consideration and SND decision. The potential solutions to the issues were non-material approaches, material approaches, and combinations of both approaches.

The AFP effort is illustrated by Figure 14:

⁶⁹ Department of National Defense, *2013-2018 Capability Planning Guidance (CPG) for Programs 1-4* (Quezon City: DND, May 3, 2011).

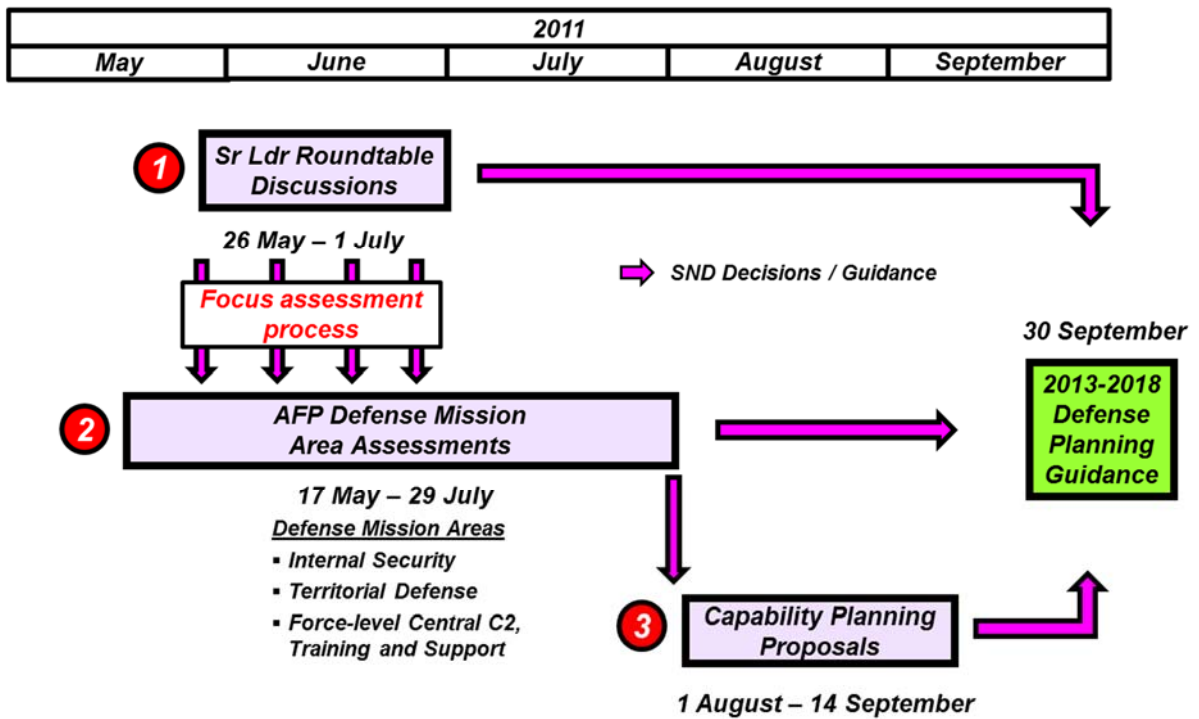


Figure 14. AFP DCAPS Effort

The objectives of the AFP effort were:

- To determine if the “capabilities” contained in the 2012-2017 Defense Program are adequate to address the projected 2013-2018 core security challenges from a joint operational perspective and
- To identify high priority joint capability issues and propose solutions to them for senior leader discussion and SND decision.

The criteria for improving the capability of the Armed Forces for the next six years included the following (visually represented by Figure 15):⁷⁰

- A Joint Land Force capable of addressing a spectrum of capabilities—from disaster relief, to low-intensity conflict, to a limited conventional war
- A Joint Maritime Force able to patrol and cover the archipelagic and territorial seas up to the 200-mile economic exclusive zone, including the ability to provide surveillance of both surface and sub-surface areas

⁷⁰ Francia, *Briefing to DND Senior Leaders during 8th SLRTD* (Quezon City: DND, October 3, 2011).

- c. A Joint Aerospace Force able to control the airspace over both the maritime and land areas of the territory within the Philippine Air Defense Identification Zone and assure air superiority

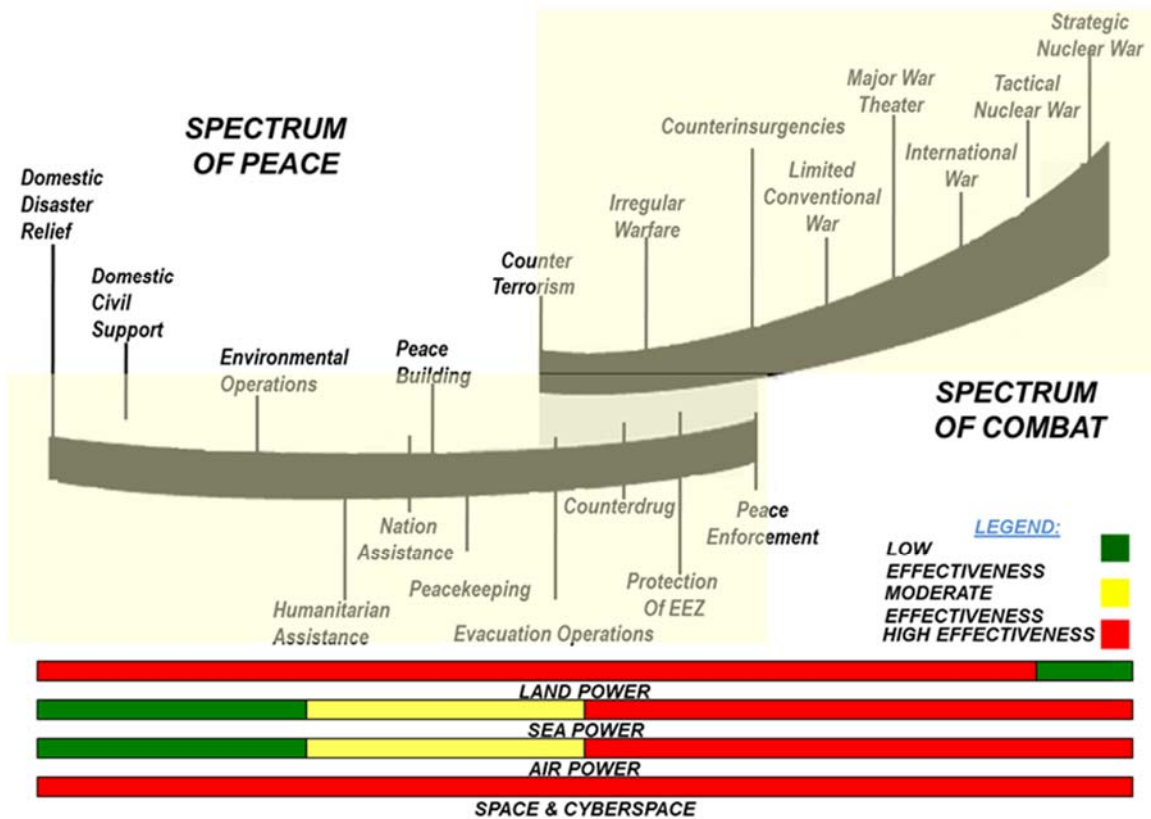


Figure 15. Spectrum of Military Operations

The AFP J5 had the lead responsibility for the AFP DCAPS process. In collaboration with the IDA team, the DND proper staff assisted the J5-led *ad hoc* assessment and capability planning teams in conducting the effort. The members of the assessment teams came from a broad range of skills and operational experience. To consider the breadth of solutions, the analysis had to be done by teams with a mix of personnel who were familiar enough with the spectrum of military operations that solutions to the challenges could be proposed and estimates of effectiveness explained. To that end, the assessment teams were filled with people that collectively met the following qualifications:

- a. Knowledge of adversary objectives and capabilities
- b. Knowledge of current doctrinal approaches and capabilities
- c. Knowledge of possible technical (materiel) alternatives and risks
- d. Knowledge of possible policy and other non-materiel alternatives and risks

- e. Analytical capability to assess the effectiveness, costs, and risks of alternatives
- f. Ability to formulate and execute a joint assessment
- g. Ability to communicate findings and recommendations clearly and concisely

The assessment teams reported to the J5. The J5 pulled team members from the services and the DND staff and reported results to the CSAFP and the SND. This is represented by Figure 16:

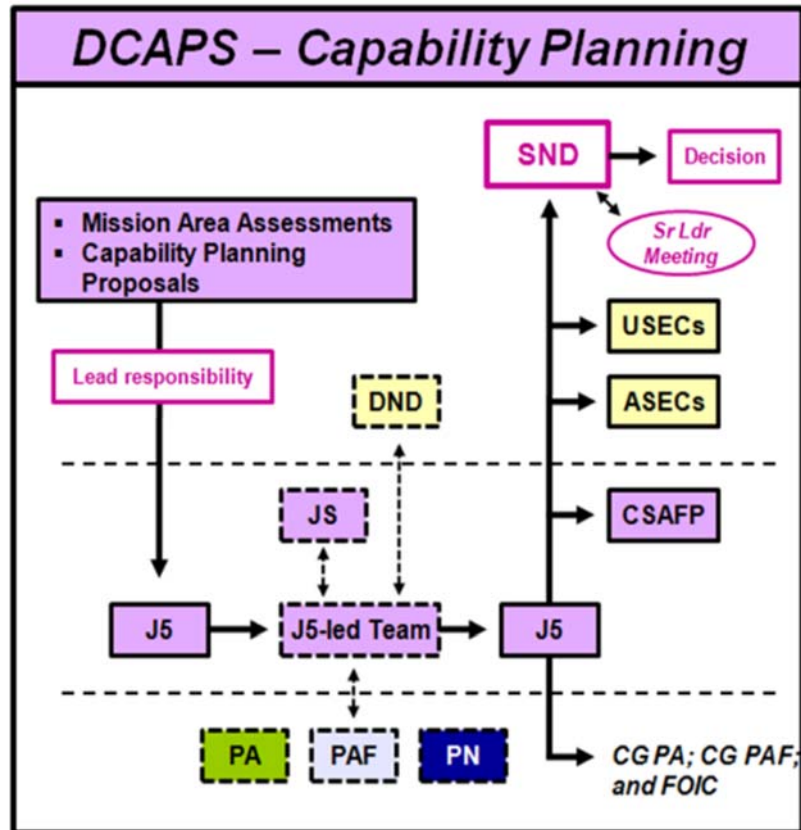


Figure 16. AFP DCAPS Reporting Flow

The 2013-2018 DCAPS round focused on the following three defense mission areas/specific concerns:

- a. Internal Security. The focus was on assessing the following:
 - 1) The ability to conduct effects-based operations against armed groups
 - 2) The ability to plan, manage, and assist in the reconstruction and rehabilitation of conflict-affected areas
 - 3) The relative merits of several different internal security force structures for the post-2014 period

- b. Territorial Defense. The focus was on assessing the following:
- 1) The ability to conduct maritime surveillance to identify and control illicit movement across the maritime international boundary and deny strategic mobility to armed groups operating within the RP
 - 2) The relative merits of several territorial defense force structures for the post-2014 period. The force structure options to be evaluated were identified by the SLRTDs and made available to the assessment team.
- c. Force-level Command and Control (C2), Training and Support. The focus was on assessing the following:
- 1) The readiness status of major command and control headquarters, including the GHQ AFP, Unified Commands, and the major services headquarters
 - 2) The readiness status of DND financial management and accounting capabilities and the AFP Procurement Service
 - 3) The ability of the training establishment to field well-trained effective forces
 - 4) The ability to support units engaged in operations against internal armed threat groups and territorial defense.

The framework that was used during the mission area assessments for Territorial Defense is shown in Table 4. A similar framework was applied for the Internal Security and Force-level C2, Training and Support mission areas.

Table 4. Mission Area Assessment Framework

Primary Capability	Capability Sub-area	Forces	Pers	Eqpt	Training
Land Defense and Stability	Intelligence				
	Quick Reaction Forces				
	Area Defense and Stability Forces	↑ Relevant units from 2012-2017 Defense Program			
	Fire Support			↑ Based on info from FOCIS database and staff analyses	
	Local Security				↓
	Community Development	↓			

No major problems
 Some minor problems
 Some major problems

After evaluating the results of the assessments presented by J5 to the senior leaders during several roundtable discussions, the SND issued a Mission Area Assessment Planning Memorandum on August 5, 2011, that contained the key findings of the assessment teams and conclusions of their assessment from a joint operational perspective.⁷¹ The memorandum includes instructions for how those capability gaps and areas of potential declining relevance should be addressed to have a “lean but mean” organization.

With the assistance of the DND proper staff and the IDA team, the J5-led *ad hoc* capability planning teams developed several proposals to address the identified gaps. Taking into consideration the proposals presented by J5 and the recommendations of the senior leaders, the SND issued two Capability Planning Decision Memoranda—the first on September 23, 2011,⁷² and the other on October 10, 2011.⁷³ The proposals included non-material approaches, material approaches, and a combination of both types of approaches. Preferred options requiring material solutions were forwarded to the Defense Acquisition System (DAS), while those requiring non-material or a combination of both approaches continued to be addressed by the DCAPS process.

The capability planning teams concluded that the forces attributed to the internal security defense mission area collectively account for the preponderance of the resources in the updated 2012-2017 Defense Program. The capability of these planned forces, however, was limited by shortfalls in commissioned and non-commissioned officers, mission essential equipment, and funding for maintenance and other operating expenses (MOOE). It was also noted that all three major services provided ground combat forces. The need to continue this practice was reviewed and non-material options were proposed to decrease the size of the overall force, so that the ground combat forces still active might be fully capable maneuver units.

The SND also directed the three major services to improve the planned readiness ratings of the forces assigned to conduct internal security operations. The objective was to increase the readiness of these forces to at least a 95% rating for personnel, equipment, maintenance, and training. Increased readiness would ostensibly enable the AFP to conclude internal security combat operations no later than 2014. If there were existing units with very low readiness rates, the guidance directed that they be merged with or consolidated into more capable units so the AFP could form ready units.

Corollary to this instruction, the SND directed the realignment of active duty units across the three services. The Philippine Army infantry battalions and headquarters not assigned to priority

⁷¹ Department of National Defense, *Mission Area Assessment Decision Memorandum* (Quezon City: DND, August 5, 2011).

⁷² Department of National Defense, *Capability Planning Proposal Decision Memorandum* (Quezon City: DND, September 23, 2011).

⁷³ Department of National Defense, *Capability Planning Decision Memorandum* (Quezon City: DND, October 10, 2011).

missions or already significantly under resourced were to be deactivated. The resources gained were to fill the personnel and equipment needs of the remaining battalions and/or establish the Army component of a national-level rapid reaction force. At the end of the program period, the guidance directed that the number of fully capable infantry units retained be 64 battalions, 18 brigade headquarters, and 6 division headquarters. The SND ordered resources from active duty Philippine Air Force combat groups to be reapplied to other priorities, such as improving theater mobility, close air support, air surveillance and defense, and strengthening the Special Operations group. Finally, Philippine Marine Corps battalions were to be consolidated into 11 units that were fully resourced and ready. Excess resources from the consolidation were earmarked to establish the Philippine Navy's component of a national-level rapid reaction force.

In sum, the 2013-2018 AFP DCAPS effort enabled DND-AFP senior leaders to gain insights on complex issues and focused the 2013-2018 acquisition planning process and resource planning cycle. Additionally, the effort highlighted the importance of planning by understanding the assessment challenge, developing the assessment framework and methodology well in advance, forming assessment terms before they began their work, and ensuring the participation of acquisition planners.

3. Defense Acquisition System (DAS)

The DAS was designed to provide a systematic basis for evaluating options for obtaining major equipment items, executing contracts for large quantity purchases (e.g., ammunition), and developing fiscally constrained acquisition plans and procurement/contracting documents that foster competition among potential suppliers and meet operational needs in a timely manner and at a reasonable price. The DAS operates in accordance with the Government Procurement Reform Act⁷⁴ and its Implementing Rules and Regulations.⁷⁵

The process flow for the DAS is shown in Figure 17.

⁷⁴ Congress of the Philippines, *Republic Act No. 9184, An Act Providing for the Modernization, Standardization, and Regulation of Procurement Activities and for Other Purposes* (Quezon City: Congress of the Philippines, 2003).

⁷⁵ Since the passage of RA 9184, the Government Procurement Policy Board has issued two IRRs, namely: (a) IRR-A, and (b) the revised IRR, which took effect on October 8, 2003 and September 2, 2009, respectively. The GPPB recently promulgated *The 2016 Revised Implementing Rules and Regulations of Republic Act No. 9184, Otherwise Known as the Government Procurement Reform Act* through Resolution 13-2016, August 9, 2016, <http://www.gppb.gov.ph/issuances/Resolutions/Resolution%20No.%2013,%202016SGD.pdf> (accessed March 21, 2017).

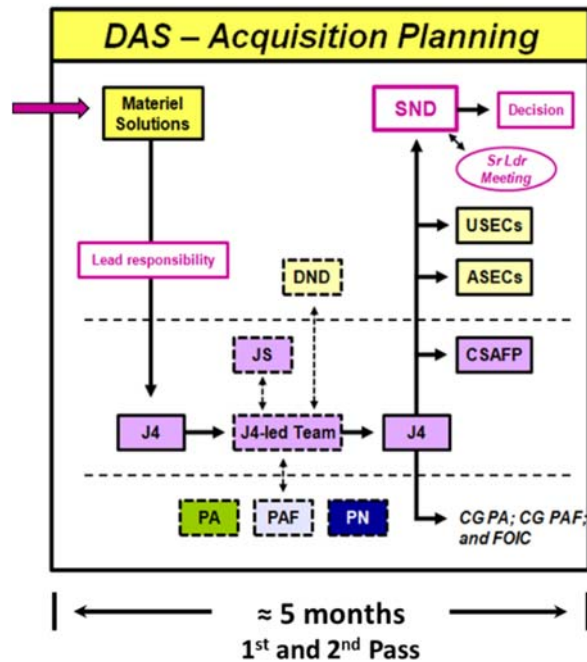


Figure 17. DAS Reporting Flow

The DAS addresses decisions to examine capability planning proposals involving materiel solutions using the First Pass and Second Pass assessment technique—a variant of the one employed by the Australian Department of Defense.⁷⁶ The First Pass and Second Pass assessments are collaboratively developed by representatives from DND proper, the joint staff, and the staffs of concerned resource managers. The AFP Deputy Chief of Staff for Logistics, J4, organizes and leads the AFP assessment effort.

The First Pass, or the Analysis of Potential Acquisition Approaches, assesses relative merits of approaches approved for further study by SND during the DCAPS process and identifies the most promising approaches after considering (as a minimum):

- a. Projected effectiveness in the intended operational environment;
- b. Estimates of annual operating and support costs and life cycle costs; and
- c. Affordability given known fiscal limits and planned spending.

The SND, after consultation with the CSAFP, Resource Managers, and other DND senior leaders, determine the need to proceed with a Second Pass effort and identify the approach or approaches to be further evaluated. The objectives of the Second Pass, or the Analysis of Potential

⁷⁶ Tony Kausal and Stefan Markowski, ed., *A Comparison of the Defense Acquisition Systems of Australia, Japan, South Korea, Singapore, and the United States*, (Fort Belvoir, VA: Defense Systems Management Press, July 2000), 1-49-61.

Acquisition Alternatives, are to assess the relative merits of the potential materiel alternatives and to identify a limited set of key performance parameters that:

- a. Meet the operational need, and
- b. Facilitate competition among potential suppliers of the most promising alternatives.

Decisions for the First and Second passes are documented and signed by the SND. Figure 18 depicts the two acquisition passes:

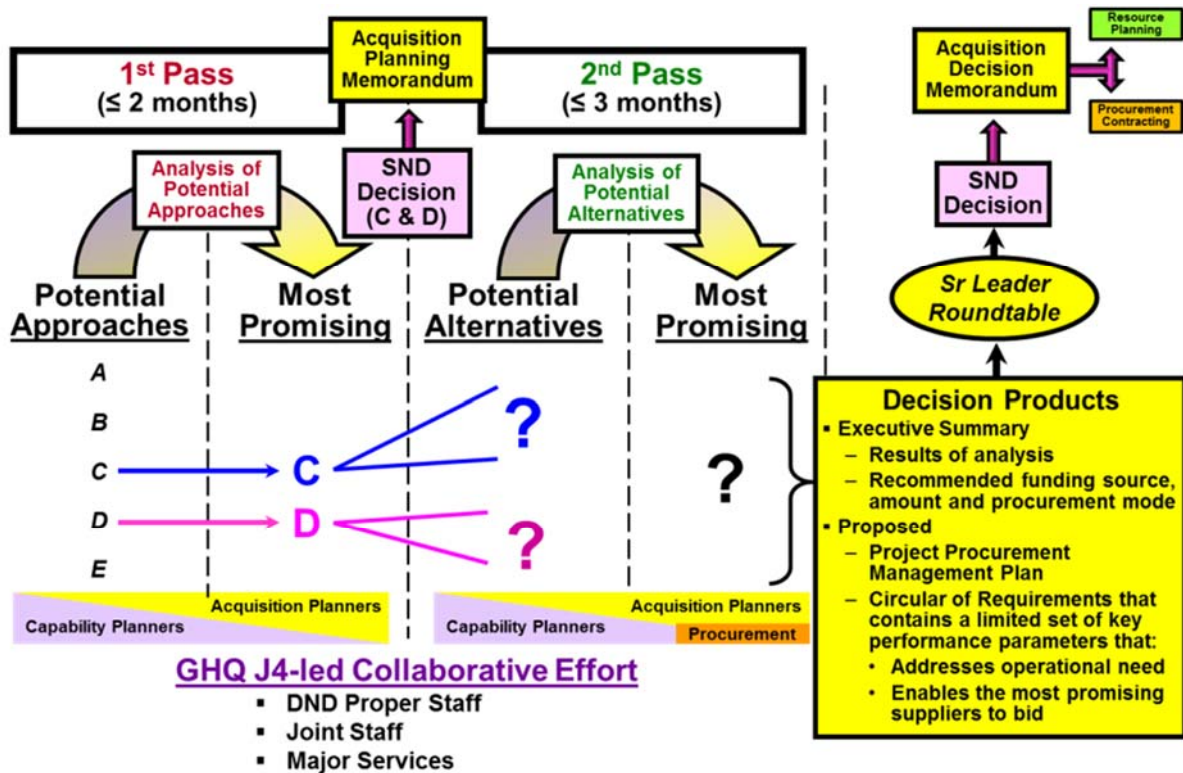


Figure 18. DAS Process Flow and Products

The IDA team, in collaboration with the DND proper staff, conducted a workshop on July 25-29, 2011, to train prospective members of the AFP DAS *ad hoc* assessment teams on the First Pass and Second Pass techniques. The Undersecretary for Finance, Munitions, Installations, and Materiel (USFMIM) and the Assistant Secretary for Installation and Logistics (ASAIL) also attended the seminar.

To get the AFP DAS effort moving, the DND proper staff collaborated with the IDA team and the Anteon team leader in developing Acquisition Planning Guidance (APG) for SND signature. On November 2, 2011, the SND signed the guidance. It contained his directions for

conducting the 2013-2018 AFP DAS acquisition planning effort.⁷⁷ The direction defined key acquisition products that the process needed to produce; assigned responsibilities to DND, joint staff and service staffs; and explained how acquisition and resource planning processes would link.

The 2013-2018 AFP acquisition planning effort included senior leader roundtable discussions and the results were integrated into the program development process. The assessment effort provided recommendations on:

- a. The projected impact of the force restructuring decisions in the DPG on 2018 mission essential equipment authorizations and fill rates and the options that could be pursued in this regard;
- b. The need to continue previously approved and funded acquisition projects, particularly those whose funding was scheduled to expire; and
- c. A proposed fiscally constrained, multi-year investment strategy and modernization program for the Armed Forces.

On November 10, 2011, the first senior leader round table (SLRTD), presided over by SND, was held to decide whether to reauthorize helicopter acquisition projects, progress on DAS assessments of other capability projects, and activate the Defense Acquisition Office.⁷⁸ Because of the sheer number of DAS projects to be reviewed, there were at least 33 DAS SLRTDs held in the first year of DAS implementation. Although many of the results came in too late to be integrated in the 2013–2018 planning, programming, and budgeting part of the DRMS process, DAS SLRTDs enabled senior civilian and military leaders to discuss complex acquisition issues and potential solutions from a joint warfighting perspective.

SLRTDs proved to be an acceptable venue to discuss acquisition projects. These projects are usually controversial, given their cost and the highly parochial attitude with which individual military service leaders tend to view them. The SLRTD concept traces its roots from the General Military Council prescribed in the Administrative Code of 1987.⁷⁹ Pursuant to the Code, “the General Military Council shall advise and assist the SND in the formulation of military policies and shall consider and report on such other matters as the Secretary may direct.” The Council (i.e., DND senior leaders) is composed of the SND as Chairman, the Undersecretary of National Defense (USND), Assistant Secretary for Plans and Programs, other relevant Undersecretaries and Assistant Secretaries, the CSAFP, the VCSAFP, J-5 and other relevant J-staffs, and the

⁷⁷ Department of National Defense, *2013-2018 Acquisition Planning Guidance (APG) for Programs 1-4* (Quezon City: DND, November 2, 2011).

⁷⁸ SND’s Military Assistant for DSOM, *Memorandum for Record, Minutes of the 1st DAS Senior Leader Roundtable Discussion (Revalidation of Previously Approved Helicopter Projects)* (Quezon City: DND, November 10, 2011).

⁷⁹ Sec. 16, Chapter 1, Sub-Title II, Executive Order No. 292, *Instituting the “Administrative Code of 1987”*, July 25, 1987.

commanders of the major services. The SND's military assistant for DSOM was designated as the SLRTD secretary.

Among the important issues discussed during those DAS SLRTD sessions was the funding support for the Revised AFP Modernization Program. During the May 29, 2011 SLRTD, the SND approved the Integrated Priority List⁸⁰ jointly developed by the DND proper, GHQ AFP, and major services staffs, amounting to 75 billion PHP broken down as shown in Figure 19. The list included capability requirements for joint land, maritime, aerospace, and general support forces.

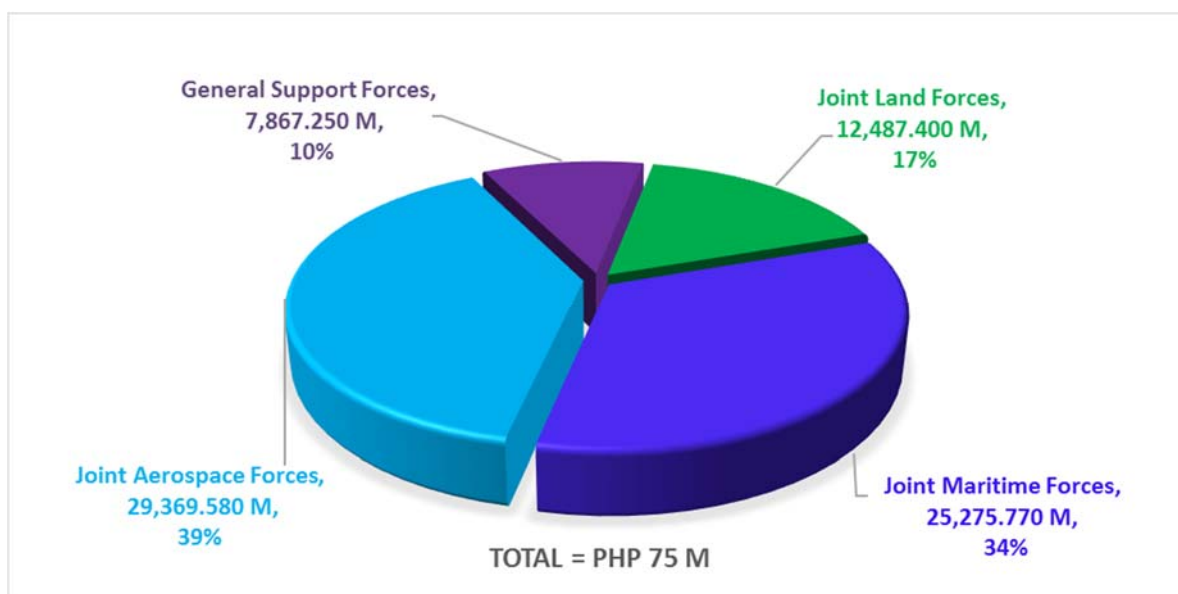


Figure 19. Funding for AFP Joint Capability Requirements

Once an acquisition decision is made, procurement and contracting activities involving the investment or modernization program formally begin, following the issuance of an Acquisition Decision Memorandum. Then procurement and contracting activity follows the government-wide procurement procedures mandated under the Government Procurement Reform Act⁸¹ and Executive Order No. 235, s.2003. EO 235 was intended to streamline rules and procedures for defense contracts while promoting transparency, impartiality, and accountability in government transactions. However, the EO required the creation of a single GHQ AFP Bids and Awards Committee (BAC). Its implementation resulted in bureaucratic impediments and unnecessary delays in the procurement of important defense projects because all bids and contracts had to be handled by the committee. Recognizing the deficiency, President Rodrigo R. Duterte issued

⁸⁰ Office of the Assistant Secretary for Plans and Programs, *AFP Medium-Term (2013-2017) Integrated Priority List* (Quezon City: DND, May 29, 2011).

⁸¹ Government Procurement Policy Board, *2016 Revised IRR*.

another Executive Order in 2017 repealing EO 235.⁸² The new EO mandated that the SND identify and institutionalize measures to effectively monitor the operations of as many separate BACs as may be created. The BAC process is depicted in Figure 20.

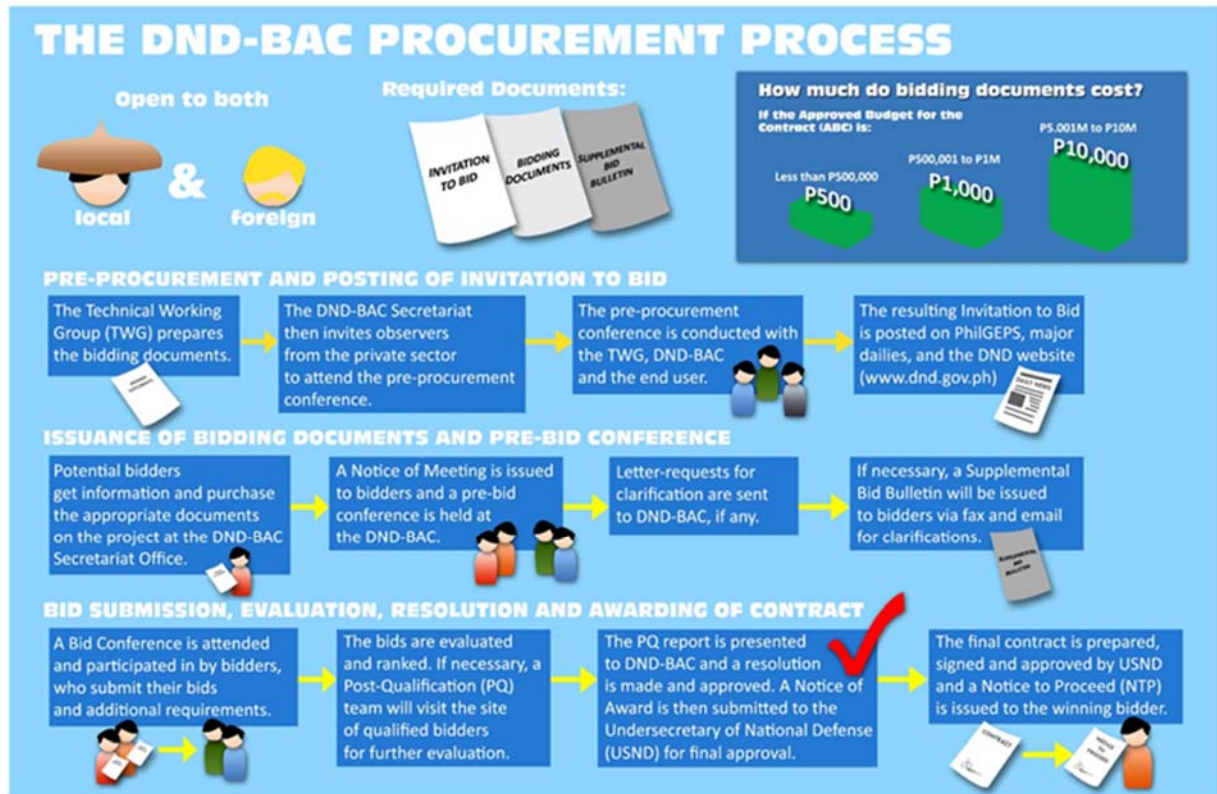


Figure 20. DND Bids and Awards Committee Procurement Process Flow

Note that implementation of the DAS process has not followed the First Pass and Second Pass scheme as described. In hindsight, former DND Assistant Secretary for Plans and Programs Danilo Augusto B. Francia observed that “after the first DCAPS, the DAS process was not completely polished because the senior leaders immediately focused on materiel solutions. They should have first looked at the kind of approaches that may be applied to the capability gaps, not necessarily the specific weapon systems, organizational force structure, TOE, etc. After satisfying the non-materiel solutions, then they may proceed with the materiel requirements of DAS.”⁸³

⁸² Malacañan Palace, *Executive Order No. 80, Repealing Executive Order No. 235 (2. 2003), Streamlining the Rules and Procedures of Defense Contracts, and for Other Purposes* (Manila: Malacañan, 2017).

⁸³ Former DND Assistant Secretary for Plans and Programs, BG Augusto Danilo B. Francia, BG AFP(Ret), interview by author, January 24, 2017, Taguig City.

4. Defense Resource Management System (DRMS)

The DRMS is the most mature of the four DSOM component systems, having advanced from MYCaPS. The system has two sub-components—the Planning, Programming, and Budgeting System (PPBS) and the Financial Management System (FMS). Together, these two provide a coherent, analytically oriented framework for issuing defense resource planning guidance, allocating limited resources among competing priorities across the spectrum of defense activities, and evaluating results achieved against established programmatic and financial management objectives.

Resource planning is done annually by the PPBS. It is an integrated process that places emphasis on the use of analysis for program decision making. The purpose of PPBS is to provide SND and the resource managers with an analytic basis for making program decisions, and for putting such decisions into operation through an integration of the results of the other DSOM component systems. The intent is to portray the full extent of the resources that are available and to enable senior leaders to determine how they might be best applied. There are numerous funding sources available to the DND and AFP; these include but are not limited to the following:

- a. General Appropriations Act (GAA)
- b. AFP Modernization Act Trust Fund (from proceeds sale of products or disposal of assets, and interest income of the trust fund)
- c. Disaster quick reaction fund
- d. U.S. Title 10 reimbursements (for PH-U.S. bilateral exercises)
- e. U.S. Foreign Military Financing
- f. United Nations reimbursements (for peacekeeping)
- g. AFP housing fund
- h. Other non-appropriated funds, trust receipts, and revenues

The PPBS produces a number of products. The most important ones are the following:

- a. **Defense Planning Guidance**, which establishes the resource planning objectives and priorities for the next six years and the funding levels for each major program
- b. **Defense Program**, which contains the programs of designated resource managers showing how they intend to achieve the SND's objectives and priorities
- c. **Annual Defense Budget Proposal**, which includes the resource managers' proposed budgets and spending plans in response to the direction provided by the SND

The FMS operates continuously throughout the year. It provides the basis for controlling spending and ensuring that resources are applied to their intended purposes. In support of that, the

FMS conducts quarterly joint SND-CSAFP performance reviews. These reviews objectively assess the results achieved and money spent by each major program against the programmatic and financial management objectives that have been established by the SND.

The FMS produces a broad range of products, including:

- a. **Annual Plans and Budgets** (or spending plans) that determine how resources are to be applied over time to achieve an established performance objective;
- b. **Quarterly Program Performance and Budget Execution Reports** that show how the resources were actually spent and what was achieved; and
- c. **Budget Realignment Directives**, which are used to reallocate funds from one purpose to another in order to ensure that a high-priority performance objective is attained.

Following the MYCaPS framework, the DSOM adopted the same major programs and budget accounts in the PPBS framework. However, instead of the Undersecretary for Defense Affairs (USDA) being designated as resource manager for Program 5 (DND-level Central Administration and Support), the heads of DND civilian bureaus were designated as resource managers for their respective bureaus.

Table 5. PPBS Framework

Major Programs and Budget Accounts	Resource Managers and Budget Account Holders
1. Land Forces	1. CG, Philippine Army
2. Air Forces	2. CG, Philippine Air Force
3. Naval Forces	3. FOIC, Philippine Navy
4. Joint C2, Support & Training	4. VCSAFP
5. Central Administration	5. Civilian Bureau Heads *

** Oversight by relevant USEC*

For the 2013-2018 planning cycle, DSOM adopted the seven defense mission areas mandated under MYCaPS. However, in the succeeding planning cycles, the mission areas were consolidated to four, as follows:⁸⁴

1. Territorial Defense, Security, and Stability;⁸⁵
2. Disaster Risk Reduction and Response;
3. International Engagements, Humanitarian Assistance, and Peace Support Operations;
and
4. Force-level C2, Support, and Training.

The resource planning and financial management components of the DRMS effectively linked resource planning directions to actual spending and performance. The results of the three other component systems became inputs to the DRMS throughout the resource planning and financial management cycle. To coordinate these efforts, the SND issued comprehensive guidance that contained information for all DSOM planning efforts through the end of the Aquino Administration and essentially established the DSOM master planning calendar for the next several years. Figure 21 depicts the planning calendar:⁸⁶

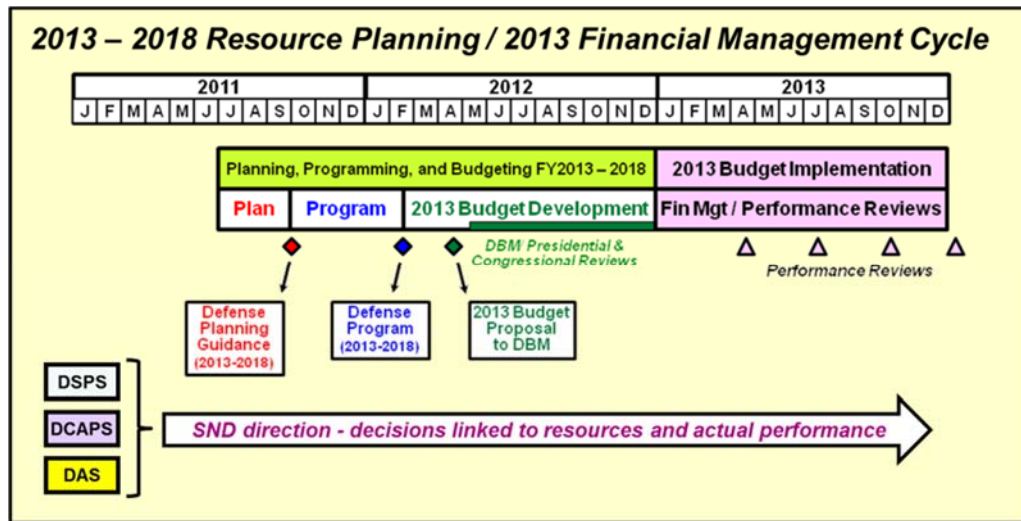


Figure 21. 2013-2018 DRMS Planning Calendar

⁸⁴ Department of National Defense, *Issuing the Implementing Guideline, Rules, and Regulations of the Revised Armed Forces of the Philippines Modernization Act* (Quezon City: DND, April 11, 2013).

⁸⁵ The “Internal Security,” “Territorial Defense,” and “Support to National Development” mission areas were consolidated into one called “Territorial Defense, Security, and Stability” because the program elements assigned to each of these mission areas are the same units. They shift from one mission area to another depending on the mission at hand.

⁸⁶ Department of National Defense, *Guidance for Implementing and Institutionalizing DSOM* (Quezon City: DND, July 19, 2011).

The 2013-2018 PPBS process followed the procedure in MYCaPS. Taking into consideration the advice from the CSAFP⁸⁷ and the results of the 2013-2018 DCAPS process, the DND proper staff, in collaboration with the GHQ AFP and major services planning staffs, developed the 2013-2018 Defense Planning Guidance, with minor editorial suggestions from the IDA team.⁸⁸ This collaborative effort among staffs at various levels of the organization demonstrated the DND’s intent to institutionalize the DSOM process. Promulgated by the SND on October 11, 2011, the DPG incorporated force restructuring decisions reached by the DND senior leaders during the DCAPS process. Its intent was to achieve a “lean but fully capable” active force. Several of the specific directives to resource managers focused on addressing capability gaps noted in the DCAPS mission area assessments, the critical deficiencies reported in the JDA, and the recommendations of the Feliciano Commission. Figure 22 depicts the major decision points of the DRMS process.

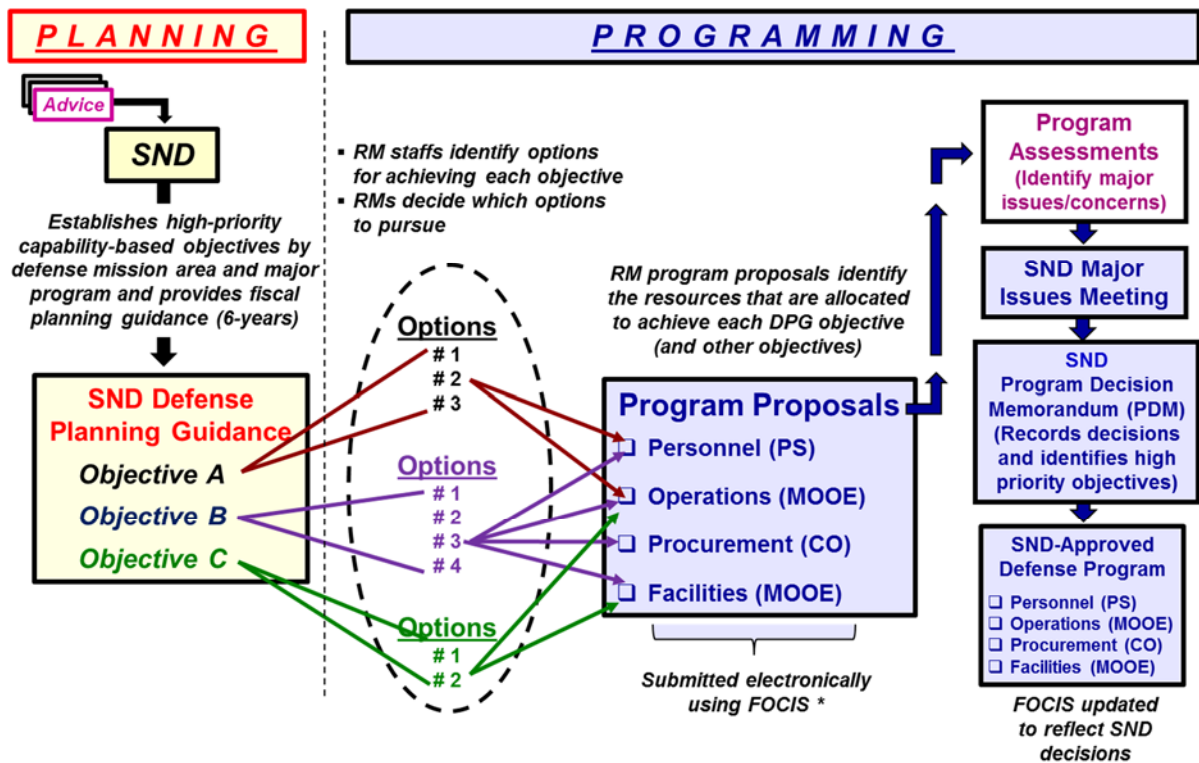


Figure 22. Planning and Programming Process Flow

⁸⁷ Office of the Chief of Staff AFP, *Chief of Staff Program Advice for the Defense Planning Guidance 2013-2018* (Quezon City: GHQ AFP, August 22, 2011).

⁸⁸ According to the IDA Team Trip Report August 29–September 18, 2011, the DPG 2013-2018 was “developed without any substantive assistance from IDA, incorporated the results of the senior leader discussions and was by far the best that has ever been produced in the Philippines since their assistance effort began in 2004.”

The DPG and its accompanying Program Preparation Instructions required resource managers to implement a “total resource programming” policy. Thus, the financial limits in chapter 4 of the DPG included not only the funds from the General Appropriations Act, but all available funds.

Because of the need to consider several hard force restructuring options in their program proposals, resource managers of Programs 1-4 took time to submit their respective Program Objective Memoranda. Although the DPG did not require a reduction in their current end strengths, the major services were taken aback by the SND’s directive of consolidating units of the same type in order to form fully capable units because that would result in the reduction of commissioned officer billets. Many officers felt their careers were threatened with the streamlining of the force. After presenting their respective programs, the SND noted marked differences between the resource managers’ POM proposals and the DPG objectives.

To satisfy the resource managers, the SND changed his previously issued guidance. Program Decision Memorandum (PDM) 2013-2018, issued in May 2012, reiterated his desire to improve the readiness ratings of the AFP operating forces but extended many of the 2014 deadlines to 2016. He did not rescind his direction that similar-type units with low fill-up rates be merged or consolidated to form fully capable units or his direction that units that cannot attain at least 95% readiness shall be unfilled or deactivated.⁸⁹

The first year of the approved six-year defense program automatically became the basis for the defense budget submission for the next fiscal year. However, as the DND was implementing its reforms, DBM was implementing national-level reforms. Starting with the 2013 budget submission, DBM mandated that all line ministries present their requests in accordance with an Organizational Performance Indicator Framework (OPIF).⁹⁰ To comply with DBM direction, the IDA team assisted DND and GHQ AFP and major services staffs to develop an OPIF framework able to explain the requirements and needs of the defense sector in accordance with DBM direction.

Like most development and performance frameworks in other nations that are managed by national ministries of finance or planning, the OPIF is concerned with results, particularly with Major Final Outputs (MFOs) delivered by each department and funded through the budget. Under the Philippine Development Plan (PDP) 2011-2016, the outcome for the Peace and Security Sector

⁸⁹ Office of the Chief of Staff AFP, *Chief of Staff Program Advice for the Defense Planning Guidance 2013-2018* (Quezon City: GHQ AFP, August 22, 2011).

⁸⁹ Department of National Defense, *Program Decision Memorandum 2013-2018* (Quezon City: DND, March 28, 2012).

⁹⁰ Department of Budget and Management, *Organizational Performance Indicator Framework: A Guide to Results-Based Budgeting in the Philippines* (Manila: DBM, 2012).

where the DND and the AFP are included, is a “Stable national security environment achieved.”⁹¹ The OPIF Peace and Sector Outcomes are depicted in Figure 23.

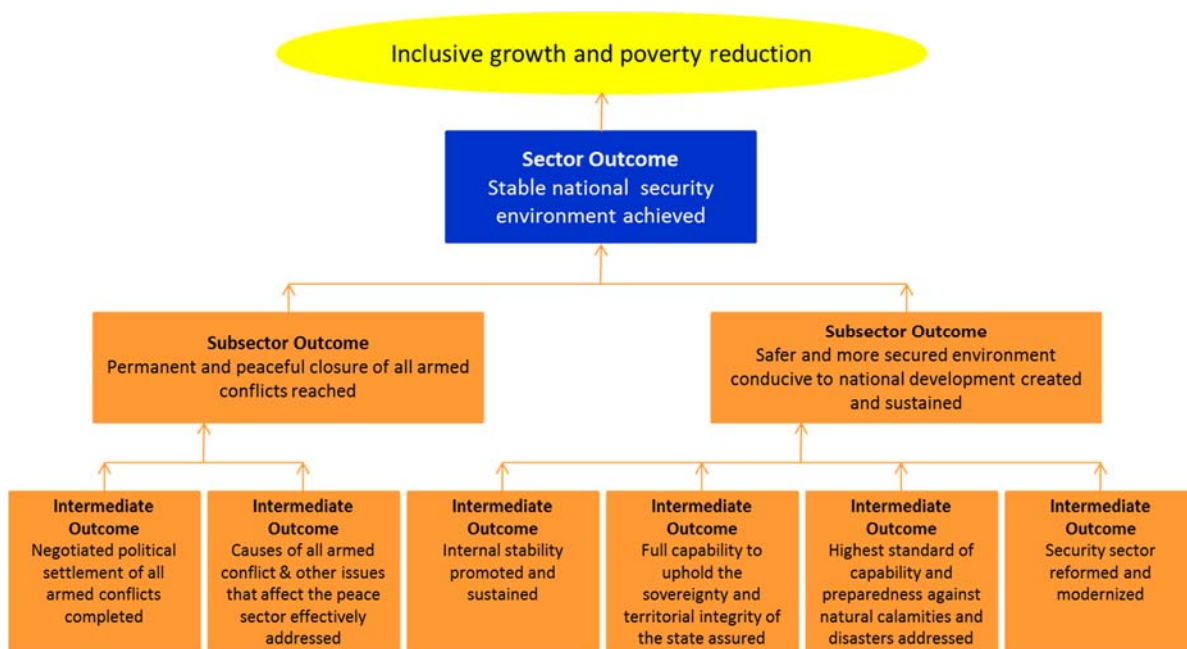


Figure 23. Peace and Security Sector Results Chain

As a planning tool, the OPIF framework describes the causal links between what a government department does (MFOs) and the desirable short-term impacts that it must achieve. It also shows how these impacts will benefit the sector it serves and the society in general—in the medium- to longer-term (societal goals and sector outcomes)—through a series of logical steps. The logic explains assumptions made about the impact of the DND’s goods and services.⁹²

The capabilities produced by the force providers (or the major services) were considered the goods and services that they deliver to the force employers. On the other hand, the outcomes and impacts of joint operations were the MFOs of the force employers (or the unified combatant

⁹¹ National Economic Development Authority, *Philippine Development Plan 2011-2016 Results Matrices* (Pasig City: NEDA, ©2011).

⁹² The PDP Results Matrices describes results as outputs, outcomes, and impacts of a development intervention. Outputs are the products, capital goods, and services that result from a development intervention. Outcomes are the likely or achieved short-term and medium-term effects of an intervention’s outputs. These are observable behavioral and institutional changes, usually as the result of coordinated short-term investments in individual and organizational capacity-building for key development stakeholders. Lastly, impacts are the positive and negative primary and secondary long-term effects—both intended and unintended—produced directly or indirectly by development interventions. The transition of development results from outputs to outcomes, specifically between the completion of output toward the achievement of impact, is then a change in a developmental condition, as depicted in the results chain.

commands). Taken together, they contribute to the attainment of the subsector outcome of “Safer and more secured environment conducive to national development created and sustained.”

In January 2012, the DND proper staff and the IDA team collaborated in updating the DND OPIF Logical Framework⁹³ for the FY-2013 budget submission to synchronize it with the DPG and other DSOM concepts. The synchronization of DPG performance targets and the MFOs submitted to DBM were necessary, given the DBM’s responsibility to implement the president’s directions to establish a government-wide performance-based incentive system.

Taking into consideration the OPIF concepts outlined in the Results-Based Performance Management System (RPBMS)⁹⁴, the IDA team assisted the DND proper staff in developing the Program Performance and Budget Execution Review (PPBER) process. The PPBER process was designed to evaluate the results achieved against the programmatic and financial management objectives established by the SND during the internal defense program and budget development processes. To satisfy OPIF, the execution review also had to show how defense resources were being used to deliver services to the citizens at the most reasonable cost and with measurable results. As noted, defense capabilities were considered the services the defense sector provided. Figure 24 depicts the performance and budget execution review process.

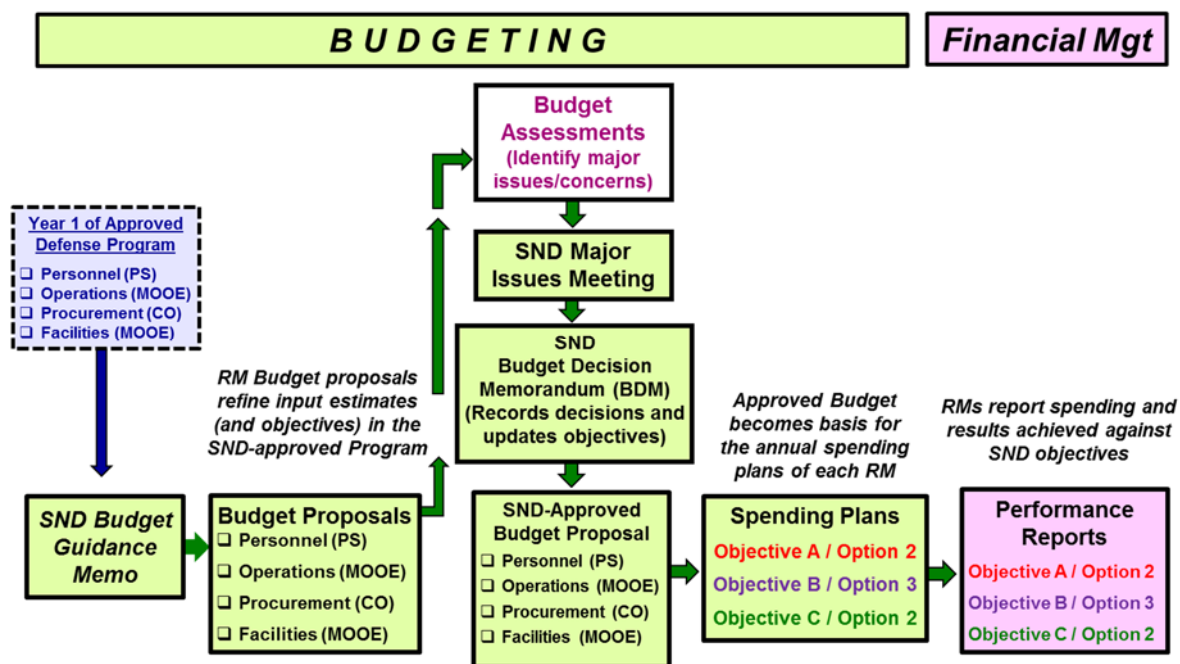


Figure 24. Budgeting and Performance Reporting Process Flow

⁹³ Department of Budget and Management, 2012 DND Logical Framework, <http://www.dbm.gov.ph/wp-content/OPCCB/OPIF2012/DND/dnd.pdf> (accessed April 28, 2017).

⁹⁴ Malacañan Palace, Administrative Order No. 25, Creating an Inter-Agency Task Force on the Harmonization of National Government Performance Monitoring, Information, and Reporting Systems (Manila: Malacañan, 2011), <http://www.dap.edu.ph/rbpms/> (accessed April 24, 2017).

As a result of these process improvements, the DND did increase funds for the readiness of AFP operating forces. However, achieving further success will require the major services to align their programs and budgets with the president's and the SND's guidance. Only presidential and SND leadership can ensure this happens. Further, the quality of the proposed budget depends on the quality of financial and physical information that the resource managers feed into the process. Their weak ability to translate plans and budgets into well-designed programs and projects is another challenge that cuts across other reform areas, particularly budget execution and performance management. Finally, the most pronounced gap is the weak technical ability of the staffs of the military services to fit the design of their programs to their respective mandates and the medium-term goals of the DND and the security sector.⁹⁵

D. Decision Making Support Processes

The traditional way of operating in the DND was a bottom-up process that typically took a lot of time. For example, to determine resource-related matters, senior leaders would vote or apply some pre-conceived idea on how resources should be shared among various stakeholders.

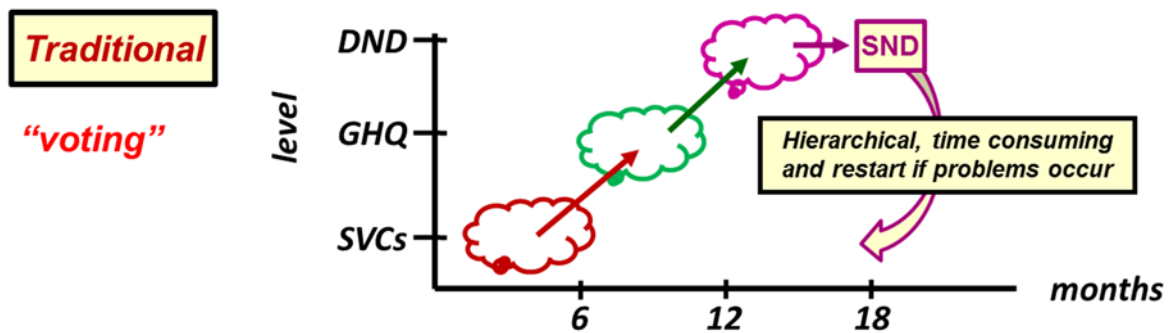


Figure 25. Traditional Way of Decision Making

⁹⁵ Other gaps to address are the lack of a permanent law that mandates disciplined resource allocation; the need to make the FOCIS software more responsive for program and budget formulation in the DND. Cartujano, interview by author.

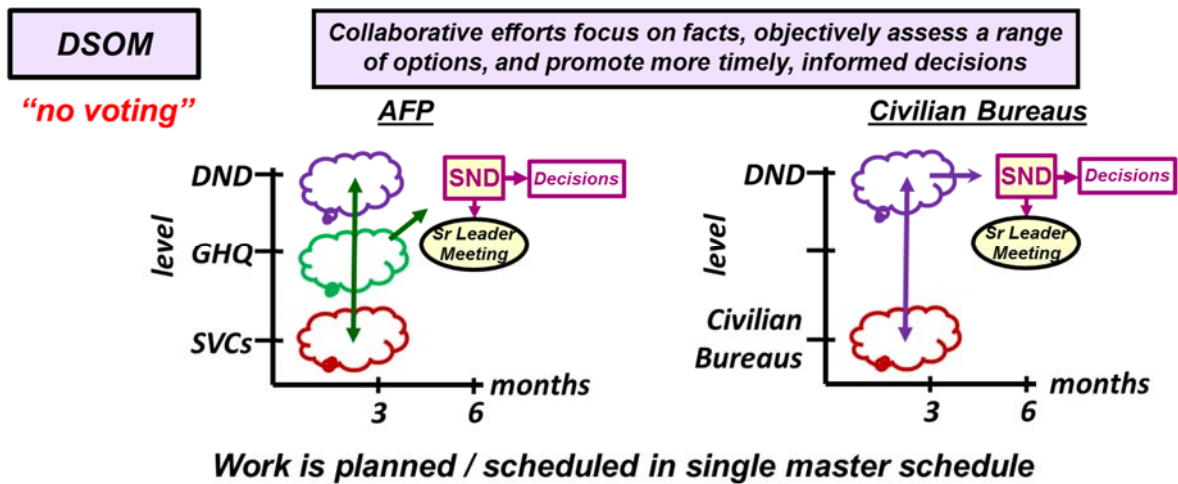


Figure 26. DSOM Collaborative Way of Decision Making

The collaborative efforts employed in DSOM are significantly different. The DSOM processes are designed to focus on the facts, objectively assess the relative merits of a range of plausible options or solutions to an issue, and promote more timely informed decisions. In order to support the development of well-reasoned annual budget proposals, it is important to note that the DSOM processes are planned well in advance and conform to a single master schedule. This is depicted by Figure 26.

E. Implementing and Institutionalizing DSOM

On July 19, 2011, Secretary Gazmin issued the *Guidance for Implementing and Institutionalizing the Defense System of Management (DSOM)*. The guidance specifically:

- a. Assigned functions and responsibilities relating to the conduct of the DSOM implementation effort that conform to the provisions of Department Circular No. 11;
- b. Authorized and directed concerned DND proper, AFP, and DND Civilian Bureau officials to comply with the directions and requirements outlined therein; and
- c. Defined the implementation plan and schedule.

The objective of the implementation plan was to establish and institutionalize an effective management framework and a set of supporting processes and products that incorporate the president's directions on defense reform and stewardship of public resources and ensure that those directions are extended down to the field operating elements of the AFP and the DND Civilian Bureaus. In order to accomplish this complex task, the intent was to implement and institutionalize DSOM in three phases (see Figure 27).

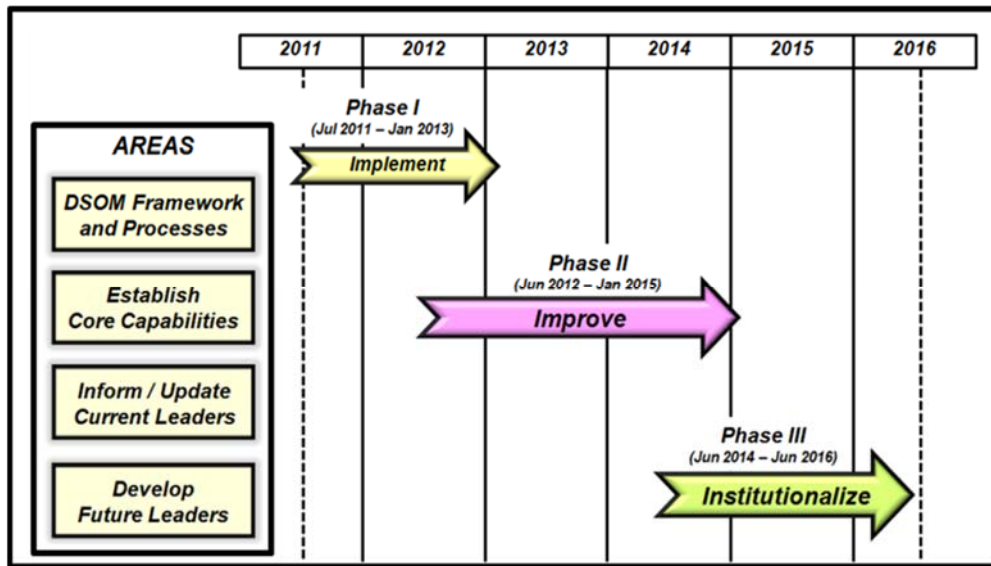


Figure 27. Contemporary DSOM Implementation Phases

The three phases focused on the following four areas.

- a. Establishing and Continuously Improving the DSOM Framework and Procedures. Efforts in this regard were directed toward implementing the initial DSOM management framework and set of decision making support processes and products and continuously improving their effectiveness. This “evolutionary approach” entailed the following:
 - 1) Expeditiously issuing an initial set of implementing instructions that are coherent, mutually supporting, and extended down to field operating units and activities;
 - 2) Incorporate and institutionalize the president’s directions on defense reform and stewardship of public funds, as well as other initiatives that materially improved the effectiveness of the initial DSOM framework and supporting processes; and
 - 3) Revise and reissue Department Circular 11 and the set of supporting implementing instructions so results are promulgated and institutionalized before the end of the administration.
- b. Improving Staff Capability. The primary goal in this regard was to improve the capability of core staff offices to implement the initial and evolving DSOM framework and set of processes. This entailed realigning core staff offices that were central to implementing DSOM at all levels and ensuring that they were filled with high-quality people who are knowledgeable of DSOM and their responsibilities in this regard.

- c. Educating/Updating Senior Leaders and Core Staff Offices. To facilitate implementation, an effective program for educating and updating incumbent and newly assigned senior leaders and core staff offices on the evolving DSOM framework and processes and their specific responsibilities in this regard was established. This was particularly important in view of the high turnover rates experienced throughout the department.
- d. Develop Future Leaders. Finally, in addition to meeting immediate and near-term planning and management needs, programs to address future requirements were concurrently established. In this regard, as a matter of priority, DSOM has been incorporated into officer education and civilian professional development programs so that future leaders and staffs are knowledgeable of DSOM and how it is intended to operate. This was considered central to institutionalizing and sustaining an effective DSOM management framework and set of mutually supporting planning and management processes that endure.

At the request of the military assistant for DSOM, the IDA team developed a standard DSOM training package for use at all AFP training institutions. The objective of these packages was to develop understanding of DSOM processes among the future leaders of the DND and AFP. The DSOM Simulation Course was designed to improve the students' understanding and facilitate the implementation and institutionalization of DSOM in the department. The five-day simulation, which emulates the 2013-2018 DSOM medium-term planning cycle, uses lectures, interactive workshops, and plenary discussions that:

- a. Highlight the key features of DSOM and how it supports senior leader decision making;
- b. Illustrate the importance of analysis and collaborative problem solving; and
- c. Enables students to discuss challenges associated with implementing DSOM and the significance of DSOM from a professional and career development perspective.

The standard 60-hour DSOM Simulation Course was pilot tested with the students of the AFP Command and General Staff College on May 21-25, 2012. The Military Assistant for DSOM acted as the course director, with selected DND proper and DND FOCIS Central Office staffs as facilitators. After the pilot test, the military assistant for DSOM conducted several DSOM simulations at major training commands of each of the military services and at the National Defense College of the Philippines. Later, the assistant secretary for plans and programs directed the AFP Deputy Chief of Staff for Education and Training, J8 to distribute the training package to all AFP training institutions.

The IDA team provided assistance to the DND proper staff in the implementation of Phases I and II until their last visit in November 2012. Despite the official termination of IDA assistance,

the execution of Phase III pushed through. The SND's military assistant for DSOM filled the void that resulted from the conclusion of IDA assistance and continued to provide support to the DND proper and the AFP in institutionalizing DSOM until his retirement from the naval service in August 2015.⁹⁶ To date, IDA still provides complimentary technical support to the DND FOCIS Central Office regarding the use of the FOCIS software.

⁹⁶ The author served as SND's military assistant for DSOM from April 1, 2011, until his retirement from active service on August 11, 2015. He concurrently served in that billet while designated as deputy commander, Eastern Mindanao Command, Armed Forces of the Philippines in 2013, deputy commander, Philippine Fleet, Philippine Navy in 2014, and commander, Naval Forces Northern Luzon, Philippine Navy in 2015.

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6. Assessment of USG's Role

The U.S. government's assistance effort for supporting the PDR Program was shaped by senior officials from the Office of the President of the Republic of the Philippines, DND proper, AFP, U.S. Embassy in the Philippines, DOD, USPACOM, Defense Security Cooperation Agency (DSCA), and JUSMAG-PHIL. While funding sources and specific sponsors are particularly important to USG stakeholders, from the Philippine government's perspective, it was dealing with the USG as a whole and was not particularly concerned about which specific USG agency the assistance or funding was coming from. USG officials also recognized the Philippine perspective and established an Executive Steering Committee (ESC) to coordinate and monitor USG assistance to the PDR effort.

However, the ESC did not have jurisdiction on the IDA effort. IDA's efforts were managed by OSD Program Analysis and Evaluation (PA&E), the precursor to the Office of Cost Assessment and prior to all other PDR assistance programs. Figure 28 shows the PDR management structure.

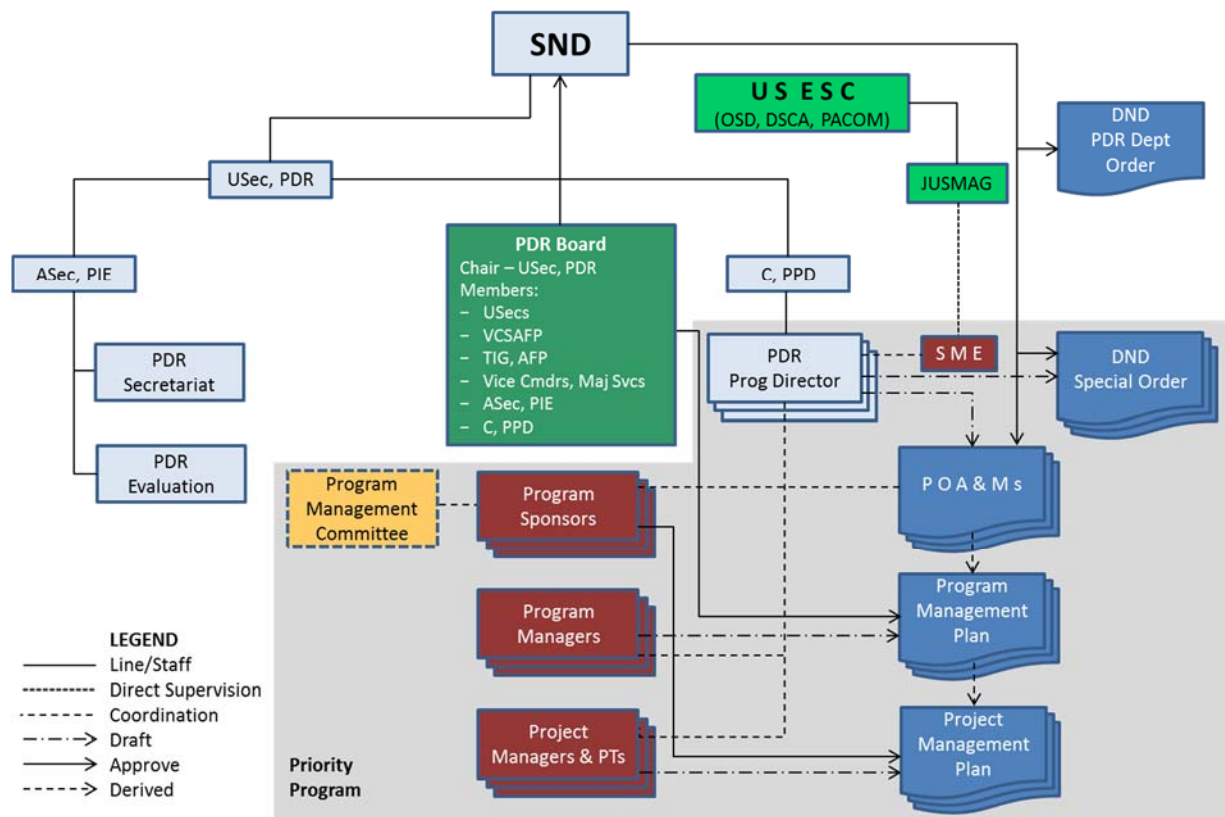


Figure 28. PDR Management Structure

The ESC was co-chaired by the undersecretary for PDR and a senior DSCA executive and included the chief, JUSMAG-PHIL and representatives from DND proper, AFP, USPACOM, and DSCA. The ESC coordinated the deployment of U.S. military reservists provided by USPACOM to support the PDR effort during 2004; monitored the funds provided by both countries in direct support of the PDR effort and the Foreign Military Financing credits provided by the JUSMAG-PHIL; and reviewed the top-level plans for each PDR POA&M that had been approved by the PDR Board prior to their being sent to the SND for approval.

A. Institute for Defense Analyses Assistance Effort

The USG tasked the Institute for Defense Analyses to assist DND officials with the design and implementation of the DRMS and the DAS components of a multi-year SDPES⁹⁷ concept that DND had developed. Initially, the two efforts were sponsored by OSD PA&E and funded by the DRMS program.

Because the implementation of a strategy-driven, multi-year defense planning system was recognized as the first priority reform effort, the USG immediately offered DRMS assistance, even before the mechanism for PDR work had been established. Accordingly, the IDA team began work in the Philippines in March 2004. At its inception, the IDA team was not subject to the PDR Board procedures or ESC oversight; it operated in accordance with broad mission objectives and guidelines that were established by the SND, CSAFP, and the PA&E program manager from 2004 to 2010.

This arrangement enabled the IDA team to tailor the assistance effort and to accommodate the high senior leader turnover that occurred throughout the project, as well as the subsequent DND proper reorganizations that occurred after every change in senior leadership. From February 2004 to July 2010, there were three SNDs, four acting SNDs, and more than three major reorganizations of DND proper, which materially impacted the design and implementation of MYCaPS and later DSOM.

Because of the seemingly ambiguous management set-up that lasted from 2004 to 2010, there was confusion in running PDR POA&Ms No. 1, 6, 7 & 8, which were the IDA teams' focus. The overall PDR management did not have effective oversight functions in the IDA assistance effort, nor did it provide guidance and direction on the execution of these priority POA&Ms. However, the situation started to improve from 2011 until the last visit of the IDA team in November 2012, when the DND Office for Defense Reforms aggressively monitored and exercised direction on these priority POA&Ms. It was also during this time that the IDA assistance effort was funded through U.S. Foreign Military Funding, after PA&E sponsorship and DRMS program funding expired.

⁹⁷ Santos, interview by author.

For the most part, the assistance effort provided by the IDA team was effective because of the close coordination between the SMEs and the SND.⁹⁸ The IDA team lead worked directly under the authority of the SND. This gave the team lead the access to DND and AFP personnel and the influence required for the planning and implementation of the DSOM. The IDA team collaborated extensively with the assistant secretaries of the four core offices that were central to implementing DSOM and the military assistant for DSOM the SND had designated when he arrived from USPACOM posting in April 2011.

The IDA team played a behind-the-scenes role in crafting the main DSOM document and its annexes, and revising from DC 5 to DC 11, as well. They recommended the organization of implementing mechanisms from the DND proper, civilian bureaus, and the AFP down to the major services. They also conducted seminars for and provided training to various offices and personnel to build their capacity to implement DSOM. Finally, they were allowed to immerse themselves in the actual planning and processes of the DND and the AFP and assisted the staff in creating and disseminating key products.⁹⁹

From the start until mid-2011, the IDA SMEs were doing the lectures and advocacy directly to designated action officers, offices, and units. In hindsight, this methodology was not very effective because of obvious differences in language, culture, operational experience, and perspective. Having a “white Gringo” stand in front and lecture often does not get across the message. Furthermore, the SMEs were teaching the implementers to learn directly the mechanical/tactical and day-to-day activities without communicating the rationale, fundamentals, and theories of the new systems and processes.¹⁰⁰ These seemingly minor kinks contributed to the slow progress of implementation.

More positive momentum in the implementation of DSOM began in mid-2011 when the military assistant for DSOM and other DND proper and AFP officials, instead of the IDA SMEs, stood at the forefront in explaining the documents and implementing the SND’s directions and decisions to change long-standing policies and procedures. While the military assistant for DSOM delivered the training lectures, IDA SMEs were invited to stay at the back of the room as subject matter resources, if needed. The presentations were done in English and in the Pilipino language. This demonstrated “ownership” of the system that resulted in notable progress in a comparatively short period of time.

IDA assistance focused on the development and implementation of the DRMS, DCAPS, and DAS components of DSOM. However, little attention was given to the improvement of the DSPS

⁹⁸ Gazmin, email to author.

⁹⁹ Former DSOM Program Manager MG Jon N. Aying AFP, email to author, February 7, 2017.

¹⁰⁰ *Ibid.*, e-mail to author.

process. For this, the DND proper staff was left on its own.¹⁰¹ According to former Secretary Teodoro, the Philippines' strategic planning is mostly reactive to situations on the ground. "We [needed] expertise not only in the DND but also at the Department of Foreign Affairs and the National Security Council, as well."¹⁰² Additionally, the DND lacked long-term strategic planning.¹⁰³ The DND needed to be able to think through time – not just at moments in time.¹⁰⁴

¹⁰¹ *Ibid.*, email to author.

¹⁰² Teodoro, interview by author.

¹⁰³ Francia, interview by author.

¹⁰⁴ Dr. Milan Vego, *Naval Classical Thinkers and Operational Art* (Newport, RI: U.S. Naval War College, ©2009), 1-8, <https://www.usnwc.edu/getattachment/85c80b3a-5665-42cd-9b1e-72c40d6d3153/NWC-1005-NAVAL-CLASSICAL-THINKERS-AND-OPERATIONAL-.aspx> (accessed April 26, 2017).

B. Anteon (General Dynamics) Assistance Effort

In late 2004, it was determined that USG's support of the PDR Program required a long-term commitment of dedicated SMEs that could not be readily provided by rotational U.S. military reservists. The decision resulted in DSCA tasking Fairfax-based Anteon International Corporation to provide the SMEs that were required.¹⁰⁵ Anteon was asked to deploy a team to assist the AFP-related shortcomings contained in the PDR Program framework and deployed a team of seasoned professionals who were responsible for and had extensive experience in developing and implementing training, operations, logistics, strategic communications, and other programs of interest for U.S. forces.

The Anteon SMEs deployed to Manila in January 2005 and operated in accordance with the directions provided by the undersecretary for PDR and the PDR Board. In addition to assisting the undersecretary for PDR and the PDR Office develop the PDR implementation guidance that was issued by the SND in November 2005, the Anteon SMEs played a leading role in developing the top-level plans the SND subsequently approved for implementing POA&Ms 2, 3, 4, 5, 9, and 10; and many of the detailed program management plans that were required and had to be reviewed and approved by the PDR Board before they could be implemented.

The on-site Anteon SMEs periodically briefed the ESC on the status of the PDR programs they were supporting and continued to assist DND proper and AFP officials implement the PDR Program initiatives. Later in 2006, Falls Church-based General Dynamics Corporation purchased Anteon and performed that mission at reduced levels through 2012.¹⁰⁶ To date, the most significant recorded result that came out of the General Dynamics effort that could be attributed to the implementation of these POA&Ms was the development of the Defense Acquisition System in collaboration with the IDA team.

Note that the POA&Ms supported by General Dynamics SMEs were mostly non-materiel solutions to capability gaps noted in the JDA. After the departure of their last SME in 2012, the unfinished projects were absorbed by the continuing DCAPS process.

¹⁰⁵ Anteon International Corporation provided information technology, systems engineering, and professional services to customers in the defense, intelligence, homeland security, federal civilian government, healthcare, public, and commercial sectors in the United States and internationally. (See Bloomberg L.P., <https://www.bloomberg.com/research/stocks/private/snapshot.asp?privcapId=101197> (accessed April 23, 2017).

¹⁰⁶ General Dynamics, *History of GD*, <http://www.generaldynamics.com/about-gd/our-history> (accessed March 24, 2017).

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7. Moving Forward: Opportunities and Challenges

Each step of the reform program was built on prior successes and provided a foundation for further positive change. Central to this approach was a comprehensive strategic communications campaign directed at all levels of the AFP to ensure that gains were attributed to the PDR program. It was important to long-term organizational change that service members at all levels believed that the PDR was a positive program that would benefit them even at the lowest levels. The goal was to create an irreversible trend toward reform that would extend well past the first phases when future administrations might be less ambitious or unsupportive. AFP and DND senior leaders knew that politics and organizational culture would continue to resist change in the absence of an effective pressure.

As the PDR Program officially closed in June 2016, the Philippine Defense Transformation Roadmap (PDTR) 2028 is expected to carry on the institutionalization of the reform measures earlier identified and crafted. Foremost among these is the internalization of DSOM within the DND by putting it in the consciousness of every member of the defense establishment from the strategic to the operational level. To gain wide acceptance and use, efforts toward this end, such as the following projects, must be sustained under the PDTR 2028:



a. **Increasing Awareness and Knowledge of DSOM**

Accepting and consciously using the DSOM process in day-to-day decision making at every level of organizational activities is a major change management challenge. This will entail activities that should increase awareness of the process, increase the desire to use the process, and build knowledge about the process. These activities can be integrated in the education and training curriculum of professional military education courses or done through series of seminars, workshops, and advocacy road shows.

b. **Completion of Manuals on DSPS, DCAPS, DAS, and DRMS Processes**

To amplify the guidelines set forth in the DC 05, s-2008 as amended by DC 11, s-2011, appropriate manuals must be crafted and promulgated. These user manuals will guide people on DSPS, DCAPS, DAS, and DRMS, including the prescribed formats for each key product. These could also serve as detailed and official references on how these DSOM processes must be performed. Now that the DSPS Process Handbook on the integration of DSOM¹⁰⁷ has been crafted by the project management team, similar handbooks on DCAPS, DAS, and DRMS are projects worth pursuing in the PDT medium-term.

c. Improvement on the Effectiveness of FOCIS

FOCIS is a relational database that is used not only to develop and analyze program alternatives, submit program proposals, and record the programmatic decisions of the SND, but also as tool for mission area assessments and developing capability planning proposals in support of the DCAPS process. Users should ensure that the FOCIS database is updated regularly to support resource programming and capability assessment efforts.

The PDTR 2028 was formulated for the development of strategies that would drive the defense organization toward breakthrough improvements in its core and support processes and to use and preserve the gains of the PDR toward genuine transformation.¹⁰⁸ Note that one of the strategic themes of the transformation is “DSOM-driven.”

¹⁰⁷ The Project Management Team on the Integration of DSOM was in charge of overseeing the implementation of the integrated DSOM process, including its four component systems, in accordance with PDR POA&M No.1

¹⁰⁸ Philippine Defense Transformation Roadmap 2028, <https://www.facebook.com/DefenseTransformationPH/> (accessed March 24, 2017).



Figure 29. Strategy Map for PDT Roadmap 2028

The PDTR 2028 is the strategic plan of the DND to continuously improve the organization and its ability to perform its mission and roles more effectively and efficiently amidst an increasingly complex domestic, regional, and global security environment. As a follow-on program to the PDR, the PDTR 2028 transformation agenda are shown in Table 6.

Table 6. PDTR 2028 Transformation Agenda

Areas of Concern	Transformation Agenda
Readiness	To enhance readiness
Partnership	To sustain and strengthen local and int'l partnership
Policy Formulation	To institutionalize synchronization and integration
Human Resource Management	To improve competency and fill-up
Organizational Management	To strengthen good governance
Information Communication Technology Mgmt	To become cyber-secured and networked
Fund Management	To ensure proper stewardship of funds

If the DND pieces together the different parts of the puzzle, it may form a coherent picture of a modern defense force. In a nutshell, this is an AFP that is fully multi-mission capable. It tells a story of a military with continually expanding roles, with capability development and modernization policies playing catch up. Efforts under the past two administrations and the current

Duterte administration are laudable. Finally, it appears that the Philippines is committed to addressing the yawning gaps in the AFP's military capability to protect the people and the state.

But a modern defense force is not reached through transformation; reforms and capability development in the military alone are not enough. The DND should realize that the puzzle it is trying to piece together must not only show the military to be mission-capable. This is a patch in the bigger picture of national security planning. Senior defense and armed forces leaders would have to look at the other pieces of the puzzle; those pieces frame the entire picture and define the parameters and limits of a modern defense force.

8. Lessons Learned and Conclusion

Several lessons can be derived from the recently concluded defense reform experience. First, defense reforms should never lose sight of their primary focus: improvement in combat effectiveness. In the final analysis, the performance of armed forces, as well as their conception and level of professionalism, would be judged in the unforgiving arena of war. This does not mean that reforms in management of resources and administrative process are not important. They should be seen however not as ends in themselves but as enablers that ensure capable, adequately trained and equipped forces that are ready to fight. The analysis done on how to address threats posed by Maute¹⁰⁹ terrorists in Mindanao is just one example. The DSOM process enabled the DND to identify critical capability gaps and subsequently make improvements to unit capabilities, which are now being used by the AFP in its fight against the Mautes. These capability improvements include:

- Night fighting capability;
- Close air support for land and naval surface forces;
- Airlift and sealift capability for land forces;
- Frontline medical combat support; and
- Force protection.

Second, following Sun Tzu's dictum of the importance of knowing oneself,¹¹⁰ defense reforms should also amplify the concepts of self-identity of the organization, making it clear to every member the answer to the questions: "Who are we?,"¹¹¹ "What is our purpose?," and "What do we need?"¹¹² The issue has now assumed a critical dimension, considering the expanding role of the military in non-core functions. In this connection, one of the targets of reform effort should be doctrines.¹¹³ Doctrine is significant because it captures not only the strategic concepts and

¹⁰⁹ The Maute are an Islamic terrorist group founded by Abdullah Maute and his brother Omar in 2012. The brothers have pledged their allegiance to the Islamic State (i.e. ISIS) and have ties to the leadership of the Moro Islamic Liberation Front. <http://www.bbc.com/news/world-asia-40103602>

¹¹⁰ Sun Tzu said, "If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle."

¹¹¹ Gerald Michaelson and Steven Michaelson, *Sun Tzu for Success* (Avon, MA; Adams Media Corporation, ©2003), 50.

¹¹² Francia, interview by author.

¹¹³ Delos Reyes, interview by author.

operational-tactical proclivities of militaries, but also expresses their soul-forces, or self-concepts of warriorism. The self-concept of a fighting force is what gets it to the finish line against long odds. This important aspect of military doctrine also links forces to the society that supports them by defining a relationship between citizen and armed force.

Third, defense reforms are not just improvements of individual components, but are systemic and run the whole gamut of armed forces activities. These usually involve changes in doctrine, organization, training, capability development, professional military education, and facility management. Done right, these can become the drivers of transformation and even catalysts for military revolution.

Fourth, defense reform with an objective of combat effectiveness is a concern not only of the armed forces, but of the civilian policy makers as well. The latter cannot limit their attention on policy-making and leave operational and tactical improvements solely to the military. They actually have a responsibility to support and oversee these improvements. Indeed, according to former French Prime Minister Georges Clemenceau, “War is too important to be left to the generals.”¹¹⁴ What is needed is a partnership between civilian policy makers and the military leadership in what is termed an “unequal dialogue”—a dialogue in which both sides express their views bluntly, not once but repeatedly, and which is unequal in that the final authority of the civilian leader is unambiguous and unquestioned.¹¹⁵

Fifth, systemic improvements to military organizations could be part of wider efforts to improve not only the armed forces, but also the whole defense and national security apparatus or even as part of social transformation. The trailblazing effort in multi-year program budgeting caught the attention of the entire bureaucracy. With the prodding of the Department of Budget and Management, it quickly spread to other line agencies of the government. The reform efforts should also contribute to our readiness for mutual defense with our allies and regional security partners, as well. Openness and transparency in dealings with all parties involved in the reform effort is a must.¹¹⁶

Last but not least, is the importance of “ownership” of the reform effort among defense and military leaders at all levels.¹¹⁷ Implementing defense reform should not be limited to the senior leaders, but should permeate the mid-grade and junior-levels. As “owners,” senior leaders can become the sponsors or drivers; mid-grade officers can become catalysts; both can be the

¹¹⁴ Christian P. Potholm, *War Wisdom: A Cross-Cultural Sampling* (Lanham, MD: University Press of America, Inc., ©2015), 100.

¹¹⁵ In the Declaration of State Policies and Principles, the Philippine Constitution of 1987 states, “Civilian authority is, at all times, supreme over the military.”

¹¹⁶ Maniquis, interview by author.

¹¹⁷ CAPT Jesus Ricardo Z. Nava PN, Marife Palencia, and Jaya Arevalo, DND-AFP Central FOCIS Office, interview by author, January 24, 2017, Quezon City.

sustainers; and junior leaders can become end-users of what their superiors produced. Common “ownership” also reflects a unity of purpose and outlook among the members of the organization that adds to the credibility of the reform effort. In this connection, one common characteristic of successful defense reforms is that their architects enjoy the trust and confidence of the armed forces and the people.

As the DND undertakes its reform and transformation efforts, it is hoped that senior defense and military leaders and civilian policy makers will not lose sight of the fact that the success of their efforts will be ultimately tested in the battlefields on which the AFP may find itself fighting. How well soldiers, sailors, marines, and airmen can be ready to fight will hinge history’s verdict on these reforms. The realization of these efforts cannot be achieved by the DND on its own. The department needs support and cooperation from various sectors of society. Their participation will ensure that DND’s strategies are responsive to the needs of the department’s key constituents, the Filipino people.¹¹⁸



Figure 30. Facebook Cover of PDT Roadmap 2028

¹¹⁸ Philippine Defense Transformation Roadmap 2028, <https://www.facebook.com/DefenseTransformationPH/> (accessed July 2, 2017).

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Appendix A.

List of Officials Who Were Interviewed

1. LTG Voltaire T. Gazmin, AFP (Ret), former Secretary of National Defense
2. MG Jon N. Aying, former DSOM Program Manager, Office of Defense Reform, Department of National Defense
3. Attorney General Gilberto C. Teodoro, Jr., former Secretary of National Defense
4. BG Danilo Augusto B. Francia, AFP (Ret), former Assistant Secretary for Plans and Programs, Department of National Defense
5. BG Michael Beverlyn J. Manquiquis (Ret), former Chief, Office for Defense Reforms, Department of National Defense
6. CAPT Jesus Ricardo Nava, PN (GSC), Chief, Department of National Defense Central FOCIS Office
7. Mrs. Marife Palencia, Administrative Officer, Department of National Defense Central FOCIS Office
8. Ms. Jaya Arevalo, Administrative Staff, Department of National Defense Central FOCIS Office
9. Director Dinna Anna Lee Cartujano, Office of the Assistant Secretary for Financial Management, Department of National Defense
10. MG Antonio C. Santos, Jr., AFP (Ret), former Undersecretary for Defense Affairs, Department of National Defense
11. VADM Ariston V. Delos Reyes, AFP (Ret), former Undersecretary for Internal Affairs, Department of National Defense
12. BG Constanca De Guzman, AFP (Res), former Chairperson, Presidential Anti-Graft Commission

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Appendix B. Biography – Primary Author

COMMODORE SEVERINO VICENTE T. DAVID, AFP (Ret)

(as of 25 June 2017)

Commodore David started his naval career as a cadet at the Philippine Military Academy in 1979 and completed a Bachelor of Science degree (*cum laude*) in 1983. He was awarded the Philippine Navy saber for graduating number one among those cadets joining the Navy. Commodore David attended career courses at the Royal Australian Naval College in Jervis Bay, Australia, in 1983 and at the United States Naval War College in Newport, Rhode Island, in 1995. He earned a Master of Arts in Military Studies degree (with honors in Naval Warfare) at the American Military University in Manassas, Virginia, in 2000. He was also a fellow in Advanced Security Cooperation studies at the Asia-Pacific Center for Security Studies (APCSS) in Honolulu, Hawaii, in 2010.



In his thirty-six years of service, Commodore David commanded five ships: *BRP Nestor Reinoso* (PG-380), *Abraham Campo* (PG-396), *Felix Apolinario* (PG-395), *Cebu* (PS-28), and *Emilio Jacinto* (PS-35). Ashore, he distinguished himself in the fields of planning, programming, and budgeting. He served at the staff of the Flag Officer-in-Command, Philippine Navy holding various resource management billets in 1993-1994 and again in 1996-1999. He was the Assistant Chief of Staff for Operations of the Philippine Fleet in 2004. He occupied a senior joint command billet as Deputy Commander, Eastern Mindanao Command in 2012-2013. He served as Deputy Commander, Philippine Fleet in 2014 and then Commander, Naval Forces Northern Luzon from 2014 until his compulsory retirement in 2015.

From August 2004 to his retirement, Commodore David was deeply involved in the implementation of the Philippine Defense Reform Program. In 2004-2007, he worked for the Secretary of National Defense (SND) as Assistant Project Manager for the Defense Resource Management Studies (DRMS) Program while dual-hatted as the Executive Officer, GHQ AFP Resource Management Office and the Chief, Program Analysis and Evaluation Division. He was

instrumental in crafting the Chief of Staff's Program Advice for the very first Defense Planning Guidance (2006-2012 cycle). While in charge of the implementing of the Multi-Year Capability Planning System (MYCaPS) at the GHQ AFP, he developed the 2006 and 2007 program and budget submissions which effectively transitioned budget planning from being functional- to mission area-based.

While serving at the staff of the Commander, USPACOM (as AFP representative) in Hawaii from 2007 to 2011, he did POM assessments for the SND. Immediately upon his return from Hawaii, he served as SND's Military Assistant for the Defense System of Management (DSOM) from 2011 to 2015. During that time, he crafted DND Department Circular No. 11, s-2011, that established the contemporary management framework and primary planning and decision making support processes of the Defense System of Management as they apply to the DND organization and its implementing instructions. He also developed several DSOM key products that contained SND's instructions and decisions for the 2013-2018 and 2015-2020 DSOM cycles such as the Capability Planning Guidance, Mission Area Assessment Planning Memorandum, Capability Planning Decision Memorandum, Acquisition Planning Guidance, Defense Planning Guidance, Program Preparation Instructions, and Program Decision Memorandum. Additionally, while serving as SND's MA for DSOM, he also headed the Secretariat of the DND Senior Leaders' Roundtable Discussions (SLRTD) that steered the meetings.

As an educator and champion for reform, Commodore David helped to develop a standard DSOM Program of Instruction for the Command and General Staff Course and for all officer advanced professional military education courses. Further, he has delivered lectures and conducted simulations on DSOM at the National Defense College of the Philippines, AFP Command and General Staff College, Air Force Staff Officers School, and Naval Command and Staff College from 2005 to date.

In April 2014, he earned an APCSS Alumni Achievement Award for his contributions to developing and implementing the DSOM approach to defense planning, resource management, and budget execution within the Philippines defense establishment. He is a recipient of several military awards and decorations such as the Outstanding Achievement Medal, 4 Distinguished Service Stars, 17 Military Merit Medals, 12 Military Commendation Medals, a Civic Action Medal, 2 Long Service Medals, 2 Disaster Relief and Rehabilitation Ribbons, 7 Campaign Medals and Ribbons, the EASTMINCOM Command Plaque, the Philippine Navy Command Plaque, the Senior Command-at-Sea Plaque, and the Command-at-Sea Plaque.

Appendix C.

Transcripts or Written Responses of Those Interviewed

**1. Emailed Response to Questionnaire by LTG Voltaire Gazmin AFP (ret)
Former SND on 04 Feb 17**

a. Interview Questionnaire

1. What do you consider to be the most relevant factors for senior-level decision-makers in initiating a change in the Philippine defense and armed forces' way of managing its resources and transforming to its future force structure?

The most relevant factors were the Joint Defense Assessment of 2003, the findings of the Feliciano Commission Report, the incomplete implementation of RA 7898 (the AFP Modernization Act), [and] the numerous challenges that the DND is facing both internally and externally.

2. Did other countries play a role in the decision to initiate this reform (or transformation) process? Which countries were relevant and how did they influence the decision?

Yes. The United States [was] the biggest supporter of this reform initiative as well as countries such as Australia, the UK, Canada, and other partners for their best practices and perspectives.

3. Are you aware of the findings of the 2003 RP-U.S. Joint Defense Assessment and the recommendations of the Feliciano Fact-Finding Commission Report on the Oakwood Mutiny of July 2003? If yes, how did they contribute to the formulation of a comprehensive reform agenda for the defense and military establishment?

Yes. The results of the Feliciano Fact-Finding Commission Report heavily influenced the reform agenda within the defense and military establishment. Most of the reform agenda and the systemic issues that need to be addressed were taken from the JDA and the Feliciano Report.

4. From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?

The reform effort coincided with the Aquino Administration's thrusts of good governance, transparency and accountability. My personal objective was to

successfully implement the Aquino Administration's thrusts within the DND. Implementing the DSOM in the DND required a steep learning curve, but eventually, it was a good system to implement, although it was not without its flaws.

5. Why was it decided to incorporate USG assistance in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

The U.S. assistance effort was already there on going from the previous Administration. U.S. SMEs were already there when I assumed office. I just continued availing of their expertise.

6. In your opinion, what have been/were the contributions of the USG team in this process?

The USG team provided SMEs and their experience, transfer of technology and systems, and a fresh perspective on how to resolve long term issues.

7. In your opinion, what have been/were other lines of support not explored with USG assistance?

Provision of advanced training and career courses as well as continuous annual training for personnel. [Note: the interviewee was not aware of education and training initiatives underway and which are covered in Chapter 5].

8. Which lines of work with USG assistance do you consider were/are effective in the development of the reform initiative?

Close coordination between the SMEs and the users. The willingness of the SMEs to share their knowledge and experience to their Filipino colleagues.

9. Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

Coordination between the USG SMEs and senior leadership were sometimes problematic. And there were instances of misunderstandings as to the purpose of the assistance, the scope of the work to be done, as well as the outcomes to be expected.

10. In your opinion, was/is USG support decisive in the successful development of the reform initiative?

Yes.

11. In terms of the accomplishment of sectorial objectives, what is the contribution/impact of USG's support?

The USG's support has been instrumental in the accomplishment of sectorial objectives, especially in terms of providing the means to solve myriad issues faced by the DND.

12. How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

Provide additional resources for the training of personnel, including advanced courses. In addition, it is recommended that the USG employ and utilize trained, locally-based SMEs for better coordination.

2. Emailed Response to Questionnaire by MG Jon Aying AFP - Former DSOM Program Manager, ODR DND on 07 Feb 17

a. Interview Questionnaire

1. What do you consider to be the most relevant factors for senior-level decision-makers in initiating a change in the Philippine defense and armed forces' way of managing its resources and transforming to its future force structure?

a. U.S. influence and interventions in Philippine defense and armed forces management

b. DND and AFP submissiveness to U.S. defense and military programs

c. Inadequate capacity of DND and AFP to run its own affairs in defense and military strategic management and administration

2. Did other countries play a role in the decision to initiate this reform (or transformation) process? Which countries were relevant and how did they influence the decision?

No - only the U.S.

3. Are you aware of the findings of the 2003 RP-U.S. Joint Defense Assessment and the recommendations of the Feliciano Fact-Finding Commission Report on the Oakwood Mutiny of July 2003? If yes, how did they contribute to the formulation of a comprehensive reform agenda for the defense and military establishment?

These two (2) documents are the most relevant and decisive inputs to this defense reform agenda. The 2003 JDA identified and revealed systemic and prevailing deficiencies in the defense and military establishment which I believe were legitimate. The Oakwood Mutiny is a political crisis waged by politicized military officers, a manifestation of disunited and disintegrating military organization caused by perceived corruption, abuses within the organization and ineffective administration, and of course by the agitation and enticement of rouge politicians.

4. From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?
- a. *It is supposed to improve our defense management systems and processes in order to provide prompt and meaningful guidance to military strategy and plans, defense organization and administration, capability development and resource/financial management.*
 - b. *DSPS, DCAPS and DAS are supposed to provide direction to the DRMS taking into consideration the current organization and operations under annual planning; capability development and acquisition based on the medium-term planning and investments; and setting of the grand strategic direction and broad description of capabilities through the long-term planning.*
 - c. *I have three (3) objectives or 3's why I volunteered to be assigned at DND Proper way back in 2008 until 2011: 1) to SEE what is happening at the DND Proper why the AFP's development is too slow or not developing at all as compared to other militaries in the region; 2) to STUDY how to manage and administer the defense establishment; and 3) to SERVE the department to the best of my ability at strategic level.*
 - d. *I enjoyed learning DSOM from U.S. consultants and expanded my knowledge in defense and national security management and administration through extensive research and from the mentoring of USec Antonio Santos, Defense Affairs. I crafted a manual for DSPS using Scenario Planning to deliver the first ever Long-Term Strategic Environment Assessment (SEA) and Strategic Planning Assessment (SPA). My assignment at DND Proper which focused on the DSOM has given me expertise to implement the processes and deliver meaningful key document products.*
5. Why was it decided to incorporate USG assistance¹¹⁹ in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

As I said, it was the interest, intervention and influence of the USG in tandem with the desires of the SND at the time of its conception. Initially, it started with the Multi-year Capability Assessment and Planning System (MYCAPS) which later evolved as DSOM designed by USG-provided advisors and/or subject-matter experts. I believe that the system should have been developed

¹¹⁹ USG assistance refers to the support collectively provided by DRMS (thru IDA), JUSMAG (thru FMF), USPACOM, U.S. Embassy, and all other U.S. Government agencies providing assistance related to the defense reform effort. The Department of National Defense and the Armed Forces of the Philippines do not distinguish what specific USG agency provides the support.

collaboratively by the DND and USG consultants however almost all of it was developed by the latter only.

6. In your opinion, what have been/were the contributions of the USG team in this process?

They were able to craft the main DSOM document and its annexes, and made revisions as well from DC 5 to DC 11. They initiated the organization of implementing mechanisms from the DND Proper, civilian bureaus and the AFP down to the Major Services. They also provided capacity building to various offices and personnel towards the implementation of the system through lectures and seminars. They were allowed to immerse in the actual planning and processes of the DND and the AFP to deliver the required key document products.

7. In your opinion, what have been/were other lines of support not explored with USG assistance?

The USG under the authority of the SND should have developed a DSOM core group composed of personnel from the DND Proper, Civilian Bureaus and the AFP. The group should have been developed initially to be the experts of the system, its concepts and implementation. From this core group could have emanated an Administrative and Supervisory Staff for the implementation of DSOM. No scorecards were developed from planning to implementation and evaluation.

8. Which lines of work with USG assistance do you consider were/are effective in the development of the reform initiative?

The Head of the USG consultants worked directly under the authority of the SND thus giving them clout in the planning and implementation of the DSOM.

9. Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

USG assistants were doing the lectures and advocacy directly to the designated implementers, offices and units without first creating a pool of experts from DND and AFP top offices. They were teaching the implementers to learn directly the mechanical/tactical and day-to-day activities without emphasizing the rationale, fundamentals and theories of the systems and processes.

10. In your opinion, was/is USG support decisive in the successful development of the reform initiative?

The USG support was decisive but it was not successful. The consultants failed to convey the principles and processes of the systems and motivate the concerned officers and civilian personnel.

11. In terms of the accomplishment of sectorial objectives, what is the contribution/impact of USG's support?

Well, it was good that they introduced the systems but you can see it now that the systems are not working except for the DRMS. Apparently, the DRMS is being implemented without a well-defined strategic direction from DSPS and DCAPS, and capability-based acquisition planning in DAS. The DRMS remains to be solely a product of annual planning without the direction and guidance from the medium-term planning and long-term planning.

12. How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

They can help but as consultants only without a line of authority to the SND. They should work directly under an Assistant Secretary in-charge of the DSOM administration. They should only give comments, suggestions and inputs but not lead the team in developing and implementing the concepts/systems. The systems/concepts and processes must be the making, a product of and owned by the officers and civilian employees of the DND.

3. Interview with Atty Gilberto Teodoro - former SND @ Starbucks Cafe, San Antonio Plaza, Forbes Park on 22 Feb 17

Q: From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS and later DSOM? What were your personal objectives? What was the experience like?

A: I just continued the defense reform efforts started by my predecessors. My objectives then were to develop the capabilities of the armed forces to address its various missions.

Q: Why was it decided to incorporate USG assistance in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

A: At the outset, the U.S. was engaged in developing our capabilities. Experts from USPACOM and GHQ AFP conducted the Joint Defense Assessment that exposed various capability gaps of the AFP. The planned role of the USG-provided advisors was to provide advice to our senior leaders and assist the staff in developing a strategy-driven, capability-based, multi-year resource management system.

Q: In your opinion, what have been/were the contributions of the USG team in this process?

A: The U.S.-provided advisors, particularly [from] IDA, acted as SMEs on the DSOM processes in order to guide the defense and armed forces establishment staff officers in developing the various products required.

Q: Which lines of work with USG assistance do you consider were/are effective in the development of the reform initiative? In your opinion, what have been/were other lines of support not explored with USG assistance?

A: I lack specific information in order to give you a concrete answer where we could go because I have been out of the system for quite some time. I do not want to second guess what is happening to the organization.

Another thing with the Philippines, we probably have the competence on the DRMS, DCAPS, and DAS. However, with the DSPS, the Strategic Planning System, we need expertise not only in the Department of National Defense. We badly need expertise in the Department of Foreign Affairs and the National Security Council, as well. Right now, I think that our strategic planning is mostly reactive to situations on the ground. We should have the ability to plan for long term strategic scenarios. And for this, it is not a DSOM problem but an educational problem of the key government officials. We should invest in the human capital to get the required expertise.

When I was at DND, I saw that we really need people to do the strategic planning process of DSOM. ASec Quilop¹²⁰ was the only one doing it. Talking about ASec Quilop, I have to [mention] him because there was nobody else at that time. I could not find anyone [who had] the required expertise and I continue to look for qualified people. I think the problem lies in the law affecting public officers. We have to have the ability to [bring people into positions of importance], even from the private sector. Because our law now on public officers discourages volunteerism. Even though you just consult, don't have a salary, or just volunteer, you are considered a public officer and will be required to file a Statement of Assets and Liabilities and be subjected to all the prohibitions. So I think that is the biggest problem of the Philippine government. It discourages active private participation in government.

Q: During your U.S. engagement, what do you think of the areas that were wanting?

A: I think [what] was wanting was a clear definition of where the Mutual Defense Treaty would go. There are still ambiguities in the MDT. One the one hand, on the Philippine side, the prohibitions on certain activities of not only the U.S. but any foreign armed force, for example is very specific. So in purely military operations other than war, we have a problem. In HADR for example, there are many diplomatic and administrative ways which are very tedious in

¹²⁰ Raymund Jose G. Quilop, Assistant Secretary for Assessments and International Affairs, DND

solving that. On the U.S. side on the other hand, they have not acceded on the Convention on Law of the Sea. Where do they stand on this?

Secondly, the Philippines has not defined long term foreign policy strategic initiatives. Even its position vis-à-vis the effectivity of ASEAN is not firm. Although in the last administration, we took a bold step to assert our rights as a sovereign nation through the arbitration¹²¹. I think that is one step which we need to build on with a coherent strategy throughout. Another problem I think is Philippine foreign policy is largely geared towards the protection of overseas Filipino workers. That has to change and evolve.

Thirdly, the MDT prospects really have to be clear on what is a strike on Philippine territory or what is considered to be included in the MDT. Number two, the U.S. constitution says that only the U.S. Congress has the power to declare war, [but] the MDT has not been ratified, I believe, by the U.S. Senate [so, can the USG honor the MDT].

Fourthly, I think that that engagements of the U.S. and the Philippines should not only be specific to the territory but should be towards the region already together with Japan, Australia, Singapore, and South Korea. I think the mutual activities should be expanded because these countries share the same values and outlooks. I think that engagement should be advanced.

And lastly, the U.S., the Philippines, and other countries should invest on higher education of the human capital in the Philippines. I think that is the best diplomatic strategic initiative that the U.S. can do. For example, my grandfather was the first or second Filipino to have graduated from the U.S.. They gave him education. That was in 1902 or 1903. My grandfather's classmate was a senator named Camilo Osias. They graduated from a teacher's college in Illinois. Then my grandfather took his masters in Notre Dame and in Columbia. I think the U.S. should invest in this to build the bridges of friendship. At this age in history, the U.S. cannot afford to be an isolationist country. It will lose by default if it does. And if thinks that its enemies will stop by its borders, they are very wrong.

Q: Given the U.S. funding of Maritime Security Initiative for the Philippines this year, what could be a good defense institution building program to spend this money on?

A: It depends on what the strategic initiative of the Philippines is. I have always believed that maritime security and airspace security is the most important task of the AFP because the battlespace is 60 to 80 percent maritime and air. Once you need your land forces to engage the enemy, you already lost the battle. I really do not know why the focus has been otherwise.

¹²¹ This refers to the South China Sea Arbitration. It concerns the dispute between China and the Philippines over rights and maritime entitlements in the South China Sea. The matter was arbitrated by the Permanent Court of Arbitration in the Hague according to the U.N. Convention on the Law of the Sea. Refer to: <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Press-Release-No-11-English.pdf>

Second, the Philippine government should review its position regarding internal security. I firmly believe that because we are fighting insurgency with domestic law, it must be a police matter. And so, we must reengineer our police forces in order to meet this so that the Army can be just a support force. But as the law stands now, it is the armed forces that have the primary responsibility for internal security; and it should change. To me, the worst part of internal security duties [being given] to the armed forces, [is that they] become very myopic. It prevents the armed forces from planning correctly with regard to external defense.

Q: How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

A: I hope for IDA, given its experience in Defense Management and engaging in complex bureaucracies, can introduce some of the concepts to [other countries]. It would be great if we experience this in the other countries because they have the physical resources to work with. For example, in Thailand, their armed forces is a 300,000-person institution and the police strength is 300,000 likewise. For a population of 75 or 80 billion with a landlock area, so it would be great.

4. Interview with BG Danilo Francia AFP (ret) - Former ASPP @ PN Golf Club on 24 Jan 17

Q: From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?

A: I started in 2011. The SEA (Strategic Environmental Assessment) was already done. When I came into position, the SPA (Strategic Planning Assessment) process was about to end. I became a speaker on the closing ceremony of the SPA. After MG Jon Aying's term as DSOM Program Manager, SPA and SEA programs were halted. However, we started the DSOM 2013-2018 planning cycle from that SEA. The complete DSOM started there and it was finished. The 2015-2020 DCAPS process came back in 2014 before I left, but the SEA was the same because it was still under ASEC Quilop. They just changed the product. He did not go through the process although he consulted some agencies. But then he altered some of the results [some of the] planning guidelines for the DCAPS. Then after the first DCAPS, the DAS program was not completely polished, because they immediately focused on the equipment. They should first look at the kind of approaches we can do with the capability gaps not necessarily the specific weapon system, organizational, force structure, TOE, etc.. Those are some of the ways you can satisfy the non-materiel requirements of the DCAPS and then go on with what should be the materiel requirements of DAS.

Q: Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

A: Number 1, is lack of strategic long term planning. [Also] we still lack training because of [budget shortfalls],

Q: How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

A: First of all, all the people here are very sensitive to what President Duterte said about the U.S.. We need to be more sensitive this time. Although there should be mutual understanding on both sides, it should be done in a results-oriented way and results can be seen by physical assets [he means equipment]. Because before, we all know and I know, that the U.S. has not given us what we really deserve because everybody knows they have to balance their own interests. In addition, not only the common interest but also the U.S. wants to focus themselves right here in the center of the Pacific. Then that's the only time that the number of assets will change, because Japan just like the U.S., they don't always give. However they give good loans or they give you good terms in buying equipment just like what the Japanese gives.

Before we continue to engage, let us see to it that we understand our own national interest, that's what we should do with our department of defense like in the institute of association, of the structures, the law, etc. We first need to fix those because that's the reason why the U.S. has not been giving to us full support on everything we want. Aside from not being in their focus, the U.S. doesn't respect us. They are not convinced that we know what we are doing. Unless we come to a level that we already know where we are and what we want, that's the only time the U.S. will be serious with us.

We gained a lot from the previous administration not because I was there but because, for example on the rationalization plan, we have made a huge impact on that. We finished the rationalization plan and now it is on pure implementation stage. That's why now, there are no more casuals and "cargadores"¹²². We now have more new graduates from different universities like University of the Philippines etc. However we still have to challenge them or else they might just end up being very lax but these are people who are taking up masters degree. The improvement of the defense department is in the upgrade of staff capacity of the employees. There are increase numbers of professionals with the eradication of lazy staffs.

We should not concentrate on the minor [countries or partners] that's why U.S. is still the country that we can depend on when it comes to the important resources. I'm not saying that the U.S. will come here and tell us what to do, but what I'm saying is that the people who will get us what we need. However, our problem right now is "Do we know what we need?" And maybe if we see

¹²² The reference is to casual workers, hired as needed, to transport, load, haul, or move equipment.

from other countries what they have, we might know what we need especially successful countries, the best countries to get equipment or readiness or capabilities are Israel, South Korea, Poland, of course U.S., those are the tested countries. We've tried Russia and China, but their systems are uniform only up to the evaluation phase. India is one of the countries that got Soviet equipment but they produce the parts themselves, and they modify some, maybe we can learn from India.

We are lacking in logistics and part of that is life cycle courses etc. because we already know the demands but even then it is still not enough. We do not put it into matrix. We need [to continue total force initiatives] and strategies, formulating strategies and formulating force structures, equipping the headquarters with the right type of civilian positions, not just pure military. The foreign schooling courses are also fading that's why and even if the schooling courses are still offered, we should know what courses do we need/choose depending on the needs we have.

I think the facilities are improving we just have to improve the life cycle courses, maintaining the system and remove the mentality that for Air Force buildings should be painted blue and white, Navy gray and white and Army with green and white, I think we should use the systems following the Americans, paintings that are low maintenance except the building in the combat areas which are properly camouflaged. First is sensitivity to the needs, let the Armed forces and the DND provide the needs but we have to help them come up with the requirements. It should not be a "wish list" concept. I think it's the overall strategic concept of defense in the real situation in the world is today, coming up with strategies with a global complex and then the regional complex, the national and how to build alliances based on interest. Go into those 10 system course again, especially the strategic planning.

5. Interview with BG Michael Beverlyn Manquiquis AFP (ret)- former Chief ODR @ AFPCOC on 18 Jan 17

Q: What do you consider to be the most relevant factors for senior-level decision-makers in initiating a change in the Philippine defense and armed forces' way of managing its resources and transforming to its future force structure?

A: Threat. It should be the threat.

Q: So the transformation will be based on the threats being experience by the country or projected potential threats?

A: Potential. Current and potential. Then after the threat, decision makers should also consider the capabilities of the Armed Forces.

Q: Did other countries play a role in the decision to initiate this reform (or transformation) process? Which countries were relevant and how did they influence the decision?

A: The leading country was the U.S.. From time to time Australia also contributed. There were instances that Australia contributed like strategic communication and they conducted seminars.

Q: So basically most of the assistance was sought from the United States?

A: Mostly U.S.. For PDR, it's only between U.S. and Philippines. Australia only pitched in from time to time.

Q: From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?

A: From July 2007 until [my] 2016 retirement, I was assigned to the Office of Defense Reform. Initially I was the program director for the personnel development including enlisted personnel. Then there was a change in the management structure in 2008, we removed the program directorship and assigned only the program management to the J-staff of GHQ and retained one in DND for the multiyear defense planning system and one in the National Defense College of the Philippines [NDCP] for the civilian professional development, the rest are with the AFP.

Q: So you've mentioned that there were lines of effort in the PDR, like the multiyear defense planning system and the strategic communications, what other lines of effort were there in the PDR, if you can still remember?

Priority number one was the Multiyear Defense Planning System then Intelligence Operations and Training then there was the Centrally Managed Defense Acquisition System then the Professional Development of Officers, Enlisted Personnel and Civilian. Then we shifted to functional areas except the Multiyear Defense Planning System and the one assigned to NDCP.

Q: So with the Multiyear Planning System, it later evolved to DSOM? Where was the assistance from the U.S. coming from in terms of DSOM?

A: Yes, my understanding is that the U.S. side allocated 62 million dollars [for all facets of the Philippine Defense Reform effort; not just DSOM] while the Philippines allocated 28 million dollars. The U.S. portion was used mainly to defray expenses of U.S.-provided subject matter experts. But the counterpart share provided by the Philippines was used mainly for equipment.

Q: So that resulted into the entry of the subject matter experts from the U.S. to help the Philippines in the Multiyear Defense Planning System?

A: There was a time they had 13 SME's. There was a separate team from IDA for the Multiyear Defense Planning System led by BGen. Bill Federochko but there were separate SMEs for intelligence, operations, logistics, force structure, education training including officers, and separate SME's for professional enlisted development.

Q: Why was it decided to incorporate USG assistance in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

A: I do not know the dynamics that produced that but apparently all the items identified in the assessment were areas assigned separate SME's. I understand they gave priority to Multiyear Defense planning system being priority program number one and aside from that, there were I think three SME's who assisted us in developing the MYDPS.

Q: In your opinion, what have been/were the contributions of the USG team in this process?

A: Yes there was other assistance, particularly about roughly 13 million dollars allocated by the U.S. for the Battalion of excellence project. They helped us build a model infantry battalion for the Army. The money allocated was good for three sets of equipment and related to that we used Philippine money out of the 28 million to also allocate money for the battalion of excellence for Marines.

Q: In your opinion, what have been/were other lines of support not explored with USG assistance?

A: Looking back, I think it would have been better if there was a separate effort for the basic technologies. For example, machines for maintenance of aircraft, production of spare parts. I think that would have been a good line of effort. Another effort is to build an industrial capability of the Armed forces to make and maintain its own equipment.

Q: So there was no line of effort of that sort?

A: There was none.

Q: Which lines of work with USG assistance do you consider were/are effective in the development of the reform initiative?

A: The most effective and most encompassing is the Multi defense planning system which is the DSOM, I think it is doing well except for some I would consider "birth pains" among new officials in DND. But the bottom line is the department is fully into the implementation of DSOM especially in the implementation of the AFP modernization program.

Q: So you've mention the "birth pains", I would assume that in view of the transition between one officer to another, there is no smooth hand over of the knowledge?

A: Yes, transfer of knowledge is one problem but within the system itself I think that there is a need to improve the language because most comments involve too many foreign terminologies. I was hoping that the DND would come up with more familiar terms.

Q: So meaning that the circular or memoranda should be written in a Filipino context?

A: Yes, it would help. Of course there has to be a deliberate effort to ensure the knowledge is transferred to new officials.

Q: Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

A: As of now, the office for defense reform is doing an assessment, I could not tell what are their findings but during the time that I was with ODR, I can say that the effort itself, without having to reach a find outcome, but the effort itself doing reform in functional areas is I think already a significant improvement.

Q: So it later evolved from a 10 previous lines of effort to a line of effort which is functional in nature?

A: That is the component areas they need by program they need to address by program. For example, for improvement of personnel management they need to cover the empty areas.

Q: So given that the U.S. assistance on the PDR and DSOM has been terminated, what could we give/say to the U.S. on how it can effectively do its assistance in the future if ever there will be another assistance effort?

A: I think it is important that both sides have open or transparent understanding and dealing with other party. I have this impression at least from the Philippine side, our side tended to be less frank or less open to the SME's. I realized that when I was frank with the SME's especially the leader of the SME's team, I got more factual and more information from the SME's. I think it is important at least on both side, both would be frank or open.

Q: What could be the reason why the Filipinos tend to be told information or tend to be not frank to the American SME's?

A: I cannot tell the reason why but perhaps it is part of the Filipino culture to be less open and maybe there is the obsession not to offend and avoiding any words that might offend the other party. I think that is something that the Filipino side will have to overcome. The Filipinos tend to be more accommodating and there is a tendency to keep agreeing with the ideas of the SME's but not necessarily without actually agreeing to the idea to avoid offending the other party. I think that can be worked out by both sides because I also hear from some comments of the Filipino officers that they have some lingering suspicion that the SME's are spying or not really here to

help but to advance different agendas of the U.S., I think that is also one aspect. The U.S. should be able make the Filipino officer realize that they are not here as spies but they are here to help us. If U.S. SME's are able to be open with the Filipino officers, I think it would be a big help to develop open and more cooperative atmosphere between the Filipinos and the U.S. SME's.

Q: So what other things that we should do in order to make this reform initiative more successful in the future if ever we will have another one?

A: I think from the very start the Philippine side in this case should have a leader who fully understands the nature of the engagement because it is very hard to transfer the work to another set of people who are not ready for the arrangement that could cause a lot of unanswered questions and doubts. I think one way to ensure success would be a requirement for a management team that can last long enough for the whole duration of the program. If there are changes it should not be a big or significant part of the management team. Second I think it would help if the Philippine side is clear from the national leadership—clear in what the objectives and parameters of the program are. One thing I never found out for example is the document that was supposed to be signed by the U.S. president and Philippine president. So we just assumed that it [existed], but I have never seen the document or the statement regarding the PDR program.

Q: You mean the agreement between President Arroyo and President Bush? It was not signed?

A: I cannot say that it was not [signed]. I did not see the document. I think that is one important document that we missed because we could not get a set of presidential instruction on how to go about with the program. Everything was only developed within DND and with the SME's. But with President Aquino when he was still president, he issued Memorandum Order #17 regarding the implementation of the reform effort but that's the only document that I have seen as far as the document is concerned. There was no document to be found regarding the agreement between President Arroyo and President Bush.

6. Interview with CAPT Jesus Ricardo Nava, Fe Palencia & Jaya Arevalo - FOCIS Div OJ5 AFP @ their office on 24 Jan 17

Q: From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?

[Palencia]: I started in January 2004. From J8 I was transferred to the Resource Management Office. Then when J8 got deactivated, it was merged to J3. I was the budget officer back then. I felt the abrupt change when it was

deactivated. Before, there was a budget for the next two years but now the budget is given just for this year, you just have to figure out how you will spend that money just for this year. Back when I was in J8, I was part of the budget group, that's why I know the flow of the process. Unlike in the DSOM program, we think of 2 years ahead¹²³.

[Nava] As I remember how the DPG back in 2004, it was so good, well organized and very detailed. They mention the readiness of each office, they have a target plan. Lately, it became generalized, especially when the mission area came into place, it got complicated.

[Arevalo] Before, I was part of the audit group at PEMRAD, there was a big change when I was transferred to RMO. Then I was transferred to FOCIS, it was another adjustment when the offices were merged. Before, when you read the DPG, you can easily understand it but now it got complicated.

Q: Why was it decided to incorporate USG assistance in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

[Palencia] We already met the Americans—Denny Lawrence, Jim Wilson, and Tim Graves. They trained us and explained the things that we should know; they had a seminar at J6. The role of the advisors was to teach us and at first they were just there to observe. They were not strict.

Q: Which lines of work with USG assistance do you consider were/are effective in the development of the reform initiative?

[Nava]: The good thing about the Americans was that they taught us how to do program budgeting. Before, there were no plans. There was a fiscal limit for expenditures but we didn't know what requirements we need to fund. Now, as the DSOM is being institutionalized, we have more years to plan and prepare. For example in the Navy, if it wants to develop submarine capabilities within the next 10 years, there is a long term goal and plan. You will have an idea of what you're actions now may have an impact in the future. Unlike before where goals are mostly short term—just for the year.

Q: Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

[Nava] Some senior leaders still cannot appreciate it. There is not that much buy in from our senior leaders. Also because of the fast transition of officers, there is no continuity in programs. When newly assigned personnel assume their positions, there have to get past their learning curves. There is lack of

¹²³ Author's note: The speaker was responsible for the annual budget and spending plans that were the last step of the Defense Resource Management System (DRMS). Prior to DRMS, the DND and AFP prepared two year budgets without inputs from policy or planning.

focus because there is no continuity. It seems like many newly assigned personnel still do not understand the system and needs some schooling.

Q: How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

[Palencia] *Actually we still have plenty "loop holes". We still haven't totally got rid of the corruption. It might already be part of the society. It would be better if we get rid of the corruption first. The benefits should be felt by everybody not just one person.*

[Nava] *When it comes to the modernization program (i.e., defense acquisition), if there is no corruption, more assets or equipment can be bought.*

7. Interview with Dir. Dinna Anna Lee Cartujano - Director OASFM @ Gloriamaris Restaurant on 19 Jun 17

Q: When did you start getting involved with the reform process?

A: I started even before the 2003 Oakwood, there was an initiative from the Davide Commission, that's when it started. If you look at the Feliciano Commission and the Davide Commission Reports, their complaints are mostly the same.

Q: So that was 2000?

A: Yes, something like that.

Q: Then how did the Americans get involved? I understand they came in 2004?

A: Yes, because of the JDA [Joint Defense Assessment]. There was an offer to Pres. Arroyo to help in the reform effort that's why I think there was a counterpart fund that was provided.

Q: So that's the involvement of the Americans?

A: Yes, that's when it started in 2003.

Q: But before that we have already the MYCaPS?

A: Not yet, we started to develop MYCaPS and then MYCaPES after [the JDA]. There was no DSOM yet at that time.

Q: How did MG Santos start strategic planning or SDPES?

A: I cannot recall but it came with the MYCaPS. That's when we initially identified 16 PDR projects but later reduced it to 10. Then we concentrated on the Multiyear planning because it was our deficiency.

Q: So this continued for several secretaries, up to Secretary Reyes?

A: Yes, up until Secretary Gilberto Teodoro. [He] coined the name DSOM in 2008. Which was actually continued by Sec. Gasmin in 2011.

Q: So what was the contribution of Sec. Avelino Cruz?

A: Sec. Cruz started the ball rolling because he organized the budget structure. It was a big effort that he disaggregated AFP program structure from one large program to four major programs. Now you have Programs 1 to 4. Then he separated Personal Services because there was complaints that we cannot account all our soldiers. Each major service became the budgeting service for their respective personnel. That was a big help from him.

Q: So among the lines of effort, you were only involved sincerely in the multiyear planning?

A: Yes

Q: So what was the effect of this in the organization aside from having a delineation of the funds?

A: I was not there during the old structure. However, I can compare what we've done on the compensation scheme before [PDR reform]. Back in 2006 you're supposed to cull out the first year. Then, that will be the budget. But when we monitored what they've proposed on the major services and budget proposal, there is still no connection. But now, the connection is becoming closer and closer.

Q: If we ask for U.S. assistance again, what lines of effort could they help with?

A: With FOCIS. There is a lack of competent leaders and lack of awareness of the commanders on [how] they can benefit from the tool. Just like what you've said, "garbage in, garbage out". If there is nobody monitoring, there is no sense. Also, the cost factors, there is a need to be familiar with them. The major services are really different. Cost factors should not be a universal application, i.e. "one size fits all".

Q: Where else can they be of help?

A: DCAPS and also on the DAS. We have to follow RA9184 and we can only base our budget from there. Also we have to follow the planning-programming. How we do that is ours. It would be better if it will be sustained. But I would suggest we do programming [periodically] not as an annual rolling plan. We are having a hard time with the rolling plan.

Q: In addition to the U.S., what other countries have helped on the reform?

A: Australia. They started to give us courses on financial and logistics. However we cannot really apply their system because it is different. At least they offered courses.

Q: What happened to the unit credit card project instead of the cash advance?

A: AFP does not agree to it.

Q: What are your comments on the current implementation DSOM and any of its component systems?

A: On the DAS, you really have no option because of the RA9814. On the DCAPS, they do not oppose it [but it has] already been 3 years since the last one. What Mr. David Cruz said was, it has been approved in January 2015 but it was made in 2014 but was signed in 2015.

Q: What do you want to improve on FOCIS as a tool?

A: FOCIS should be a considered as budgeting tool also aside from programming so that when you submit programs, the first year would be clear. The first year of the approved defense program stored in FOCIS automatically becomes the budget submission.

8. Interview with MG Antonio Santos AFP (ret) - Former J3 and USDA @ his residence at AFPOVAI on 19 Jan 17

Q: What do you consider to be the most relevant factors for senior-level decision-makers in initiating a change in the Philippine defense and armed forces' way of managing its resources and transforming to its future force structure?

A: It was the order of President Arroyo.

Q: So without the support of the president, we could not have initiated a change?

A: Yes, because when the President assumed the [the role of] Secretary of National Defense, she instructed me to come up with the strategy; it was a wakeup call for me. Back then I didn't know what strategy to do, we had no direction. From the order of the president, there came the birth of the PDR. One of the 10 programs was Capability planning, Multiyear Capability Planning, that's why it became MYCaPS.

A: [MyCAPS was needed because] the DND, does not plan, there is no system. Although we have publications on predictive planning, nobody reads it.

Q: Did other countries play a role in the decision to initiate this reform (or transformation) process? Which countries were relevant and how did they influence the decision?

A: The PH-U.S. Joint Defense Assessment was the birth of PDR.

Q: Are you aware of the findings of the 2003 RP-U.S. Joint Defense Assessment and the recommendations of the Feliciano Fact-Finding Commission Report on the Oakwood Mutiny of July 2003? If yes, how did they contribute to the formulation of a comprehensive reform agenda for the defense and military establishment?

A: Yes, actually there were many capability gaps, color coded. In fact, I was the one who investigated the Oakwood Mutiny. President Erap Estrada was

involved; he was the one who funded the mutiny. The recommendations of the Feliciano Commission was addressed by the PDR. The father of ASec Bob Feliciano¹²⁴ was the chairman of the Feliciano Commission.

Q: From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?

A: The experience was [difficult]. There was so many people against it. They were talking about resisting change. My personal objectives were: I wanted to test my knowledge and apply what I've learned as an officer and later on my studies; which were relevant to the situation at that time. When I became J3 and later Undersecretary, I saw the chance to apply my campaign planning knowledge. I did not just come there to pass and to enjoy the perks of the position. I wanted to improve to the system [but] I was surprised that DND had no system then.

A: When we were developing the MYCaPS, [we used scenarios and] we started looking at the time line. What is short term? 1-3 years? What is medium term? 1-6. What is long term? 6 and up. So we adapted 3 horizons. Why was one horizon, 6? Because that's the term of the president. There should be continuity. A strategic planning should be long term view up to the third [horizon] then you go back and analyze [the more near term perspectives]

Q: So you adapted that from the British?

A: Actually I got the scenarios from the Dutch.

Q: (2:56) So there was a British-Dutch team that came over?

A: Yes, they came over. However, their Spending Planning was more of forecasting. So they were looking at possible scenarios and worst case scenarios, which is good for medium and long term planning.

Q: Why was it decided to incorporate USG assistance in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

A: The reform process started even before the Americans came because of the order of the president. The role of the American subject matter experts [was to] lend credence to what we are doing..

Q: In your opinion, what have been/were the contributions of the USG team in this process?

A: By their presence alone, they lend credence to the reform effort..

¹²⁴ The reference is to Assistant Secretary Roberto Emmanuel T Feliciano, Assistant Secretary for Plans and Programs

Q: In your opinion, what have been/were other lines of support not explored with USG assistance?

A: Actually, it would have been better if they had given us their system so we do not have to discover our own. In addition, they have not given us enough exposure on how they really work on their systems. So we could at least have an idea on how they do it.

Q: Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

A: For me, from what I've seen was, especially on the defense planning, their timeline was extended too long. The timeline was 2030 and it was too long.

Q: In your opinion, was/is USG support decisive in the successful development of the reform initiative?

A: Yes, we've had programs, projects and we've gained progress.

Q: In terms of the accomplishment of sectorial objectives, what is the contribution/impact of USG's support?

A: Overall, we attained a direction on the [PDR] programs, [and there were] funded. There was a contribution coming from the Philippines and from the American Government. We included [PDR] as part of the education system, starting with the basic course up to NDCP. Eventually the strength of it was to synchronize all the 10 [PDR] programs.

Q: How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

A: The integration of the effort and its appreciation. We educate so that there would be "buy in [but] it's a bit slow. In other words, we have learned that we should identify a champion first. [Even though PDR] was a presidential order, with a succession of SNDs, the [constant] change was abrupt. There needs to be a champion.

A: I believe that the processes should that not be too long so people would appreciate it more. There should be "quick wins" aside with the long term goals so that people will be interested. If the process is too long, people get bored. There should also be a champion at the lower level/ sub cabinet level for years to come or for a long time. They should not just come and go.

9. Interview with VADM Ariston Delos Reyes AFP (ret) - Former VCSAFP and USIA @ his residence at Filinvest Homes East on 20 Jan 17

Q: What do you consider to be the most relevant factors for senior-level decision-makers in initiating a change in the Philippine defense and armed forces' way of managing its resources and transforming to its future force structure?

A: In my opinion, the Oakwood Mutiny triggered the birth of the Philippine Defense Reform. The counter terrorism and joint defense assessment were not yet part of the reform, more on the assessment of capabilities and operation. I think the reform was born during the time of Sec. Avelino Cruz.

Q: Did other countries play a role in the decision to initiate this reform (or transformation) process? Which countries were relevant and how did they influence the decision?

A: I am not sure if different countries were involved other than the U.S..

Q: Are you aware of the findings of the 2003 RP-U.S. Joint Defense Assessment and the recommendations of the Feliciano Fact-Finding Commission Report on the Oakwood Mutiny of July 2003? If yes, how did they contribute to the formulation of a comprehensive reform agenda for the defense and military establishment?

A: During the Feliciano Commission, that's the time that the people involved in the Oakwood Mutiny voiced their gripes. Then Pres. Arroyo created Presidential Adviser on Reforms led by Secretary Carolina Hernandez. So the implementation of the recommendation of the Feliciano Commission was the action of Pres. Arroyo. I was the Vice Chief AFP at that time and the monitoring of the implementation was given to me.

To oversee the implementation by the DND and AFP of the Feliciano Commission Recommendation to address the grievances of the Mutineers, I helped in overseeing the implementation and submission of periodic reports to the president through the secretary to the presidential adviser. Most of the time Sec. Hernandez coordinated with us.

I believe that this is the time that the reform with the U.S. came into place. From what I understand, their principle was "If you want us to help you, you also have something to give in return". It's not going to be free. The AFP exerted effort to review, evaluate, and investigate the disciplinary cases of AFP personnel and resolve them expeditiously. AFP units were directed to comply with the provisions of the RA 9184 (Government Procurement Reform Law) and a primary objective was to stop "conversion." The GHQ AFP and major services comptroller staffs were reorganized to address the logistics and financial issues.

Q: What was the role of Koni De Guzman?

A: She was Chairperson of PAGC (Presidential Anti-Graft Commission). Back then, the Ombudsman was not that powerful as it is today. All ethical matters, anti-corruption cases [were] to be submitted to the ombudsman. However the president wanted them to be submitted to the PAGC so she may have a direct hand on them.

Q: From when you became involved [assumed office] what was your understanding of the reform effort, including DRMS (and later DSOM)? What were your personal objectives? What was the experience like?

A: Professionalism in the AFP was the objective and the purpose. Most significantly graft and corruption were to be addressed. As former Vice Chief of Staff AFP and later USec for Internal Affairs, I focused on addressing corruption. As VCSAFP, I worked for the abolition of “conversion” stoppage of giving unauthorized cash allowances and forwarded graft cases to the Ombudsman. I provided more funding for the AFP’s Office of Ethical Standards and Public Accountability (OESPA) and to centralize its function to major service OESPA offices in order to reduce “red tape”. As chairman of the AFP housing board, I worked for the funding of more on the base housing and repairs of the existing ones. I assisted Sec. Hernandez in monitoring the implementation of the Feliciano Commission’s recommendation. As Under Secretary I worked hard for the proper utilization of the PDR funds and also the budget for the DND proper. I believed DND procurement should be compliance with the RA 1984 and there should be no conversion. I have no regrets, I personally like the reform. It was a challenge, very challenging indeed.

Q: Why was it decided to incorporate USG assistance in this reform process? How was the process started? What was the planned role of the USG-provided advisors and/or subject-matter experts?

A: It was thought then that the USG had the expertise, experience to provide advice to the DND and AFP for reforms. The RP provided the initial funding to support the U.S. teams, it was understood that the USG would provide counterpart funding.

Q: In your opinion, what have been/were the contributions of the USG team in this process?

A: Among other things, they provided the technical expertise showing or indicating and providing us documentation on how they do it.

Q: In your opinion, what have been/were other lines of support not explored with USG assistance?

A: I think it would be better if we see how they really handle their own corruption cases. Hopefully it would be emphasized government wide, as I have read in the internet, that the U.S. corruption solution efficiency in one year is 80%.

Q: Which lines of work with USG assistance do you consider were/are effective in the development of the reform initiative?

A: Back then, I am not sure if it was effective since the program was not yet done. In addition, I did not see anything wrong with the program and all the subject matters/fields discussed were going into the right direction so I do not see a reason for it to go the wrong way. I am just not sure if it was effective right after it was finished. In the end, I think that it is “Okay” as far as the U.S. role is concerned. I am not sure if it was “Okay” for the AFP.

Q: Which lines of work with USG assistance do you consider were not /are not effective in the development of the reform initiative?

A: I do not know, there is nothing bad that I can comment on. It is okay so far, there is cooperation and their team was okay.

Q: In your opinion, was/is USG support decisive in the successful development of the reform initiative?

A: As far as the U.S., I do not see any lacking effort from the U.S., they have done their job. They are expert advisers.

Q: How could the USG improve its effectiveness/contribution in the successful development of the reform initiative?

A: (1:17:23) So far, I do not see anything to improve on. I believe that the problem is with us, the U.S. SMEs have done their job. We lacked sincerity. However, it would be nice if the U.S. increase their assistance and give us better equipment so we could join prevent the clash between China—equipment that would make us more credible.

10. Texted Response to Questionnaire by BG Koni De Guzman AFP (ret)- former Chairperson PAGC on 24 Feb 17

Good afternoon Sir!

I went thru the questionnaires and realized that my role in all the works done were during the initial stage of coordination. I was at DND from August 12, 2003 to August 23, 2004. [At that time] it was President Gloria Macapagal-Arroyo who was really bent on instituting reforms as she even decided to be DND Head until all the reforms she wanted to put in place have been introduced in the DND/AFP organization, both in the structure and systems to address the issues raised in the failed Oakwood mutiny.

There was a separate group working in the research component. If I remember it correctly there was a Project Monitoring Office or Technical Working Group on

AFP modernization that handled the technical requirements. My involvement was in ensuring that internal controls were set up, in place and to be institutionalized, hence the major reorganization to put the right people in the right positions.

The entry of Dr. Wade Hinkle's group was a heaven-sent intervention and his group's contribution and extent of collaboration was a key factor in facilitating the initial changes as we were guided by a skilled team that immediately provided measures to be adopted as challenges were faced one after the other, challenges that came in many forms but manifesting the signs of an organization's key officials' non-acceptance of the changes that were forthcoming. Without the USG support, I don't think we could take off in a manner that we did then.

The need to act on the Feliciano Commission's report was another factor that helped the push [to establish] the setting up of programs and systems. Those days, from 2003 to 2004 when I was with Dr. Hinkle's team, I believe was one of the most challenging yet productive phase of my 37 years of public service. Looking at the reform programs that are now in place at the AFP, even if identified with the Norton and Kaplan's Balanced Scorecard, I see the marks of the Philippine Defense Reform Program. Without the contribution of the USG in developing a number of measures, transformation probably [would not] take place. To me, the USG work was a trigger factor in what the DND/AFP has at the moment.

I am sorry that I can't help in the other concerns.

God bless!

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Appendix D. Illustrations

Figures

Figure 1. Building Block Approach to PDR Implementation.....	13
Figure 2. Summary of Host Nation Funding for PDR and DSOM.....	15
Figure 3. MYCaPS Process Flow	20
Figure 4. MYCaPS Program Structure	21
Figure 5. MYCaPS Major Programs and Resource Managers	21
Figure 6. Major Equipment Acquisition Process (2004)	27
Figure 7. Defense System of Management Processes.....	28
Figure 8. Evolution of DSOM.....	29
Figure 9. DSOM Processes and Products	30
Figure 10. Organizational Changes from DC 05 to DC 11	32
Figure 11. DSOM Planning Horizons.....	33
Figure 12. Full Strategic Assessment Process.....	35
Figure 13. DSOPS Produces Strategic Assessments that Feed the rest of DSOM	36
Figure 14. AFP DCAPS Effort	39
Figure 15. Spectrum of Military Operations	40
Figure 16. AFP DCAPS Reporting Flow.....	41
Figure 17. DAS Reporting Flow	45
Figure 18. DAS Process Flow and Products	46
Figure 19. Funding for AFP Joint Capability Requirements	48
Figure 20. DND Bids and Awards Committee Procurement Process Flow	49
Figure 21. 2013-2018 DRMS Planning Calendar	52
Figure 22. Planning and Programming Process Flow	53
Figure 23. Peace and Security Sector Results Chain	55
Figure 24. Budgeting and Performance Reporting Process Flow	56
Figure 25. Traditional Way of Decision Making	57
Figure 26. DSOM Collaborative Way of Decision Making	58
Figure 27. Contemporary DSOM Implementation Phases	59
Figure 28. PDR Management Structure	63
Figure 29. Strategy Map for PDT Roadmap 2028.....	71

Figure 30. Facebook Cover of PDT Roadmap 2028..... 75

Tables

Table 1. Functional-Based 2006 DND Budget 24
Table 2. Proposed 2006 DND Budget by Mission Area..... 25
Table 3. Security Concerns Assessment Matrix 34
Table 4. Mission Area Assessment Framework..... 42
Table 5. PPBS Framework..... 51
Table 6. PDTR 2028 Transformation Agenda 71

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Appendix F. Glossary

Glossary

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.

Capability (General) – is an organization’s ability to preplan and accomplish an objective and achieve the effects desired in a specified time period. Capability is generally a function of organizational structure, including personnel and equipment on hand, the readiness of personnel and equipment, training, and sustainment.

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.

Defense Acquisition – 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.

Defense Program (also called Future Years Defense Program or FYDP) – is the SND-approved statement of the projected DND resources and capabilities for the next six years (the H-1 planning horizon). It is an aggregation of all the resources (personnel, equipment, training, facilities, and funding) that are allocated to each Resource Manager to maintain, improve, or establish the capability to accomplish assigned missions-tasks and SND-established programmatic and financial performance objectives.

Defense System of Management (DSOM) – is the objective end-state system of management systems for the Department.

DND-AFP Senior Leaders – are defense and armed forces senior executives who include the Secretary of National Defense, undersecretaries, assistant secretaries, civilian bureau heads, Chief of Staff AFP, Vice Chief of Staff AFP, major service commanders, and others as may be determined by the Secretary.

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

Force Element – is the smallest aggregation of personnel, systems, equipment, and support necessary to accomplish a mission objective or set of objectives and achieve the desired effects.

Force-Oriented Cost Information System (FOCIS) – is a database that is used to develop, submit, and analyze program proposals and record the programmatic and financial decisions of the SND. The FOCIS database is updated at least five (5) times during an annual DRMS process to coincide with submission of POM, PDM adjustments, budget proposals, and President’s budget, and signing of the General Appropriations Act.

Life Cycle Cost – is the sum of all recurring and one-time (non-recurring) 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.

Long-Term Planning – addresses the H-2 planning horizon or the six years beyond the Defense Program planning horizon.

Major Issue Papers – are based on review of the RMs’ POMs and/or budget proposals. They are outlined and developed by the DND Proper staff, Resource Managers, Commanders of Unified Commands, and the Joint Staff that have broad policy, force, program, or resource implications.

Medium-Term Planning – addresses the H-1 planning horizon which includes the upcoming budget year (BY) + five years [a total of six years]. This planning horizon encompasses the Department of Budget and Management (DBM) requirement to address the Medium-Term Expenditure Framework planning horizon of the BY + two years.

Medium-Term Expenditure Framework – is the DBM directed three-year horizon for budgeting purposes.

Office of Primary Responsibility (OPR) – is the designated executive responsible to the SND for collaboratively implementing DSOM or a component system of DSOM; and for collaboratively establishing a plan for transitioning to the objective end-state that is consistent with SND-established guidelines.

Organizational Performance Indicator Framework (OPIF) – is the DBM performance-based approach to expenditure management that governs budget development.

Performance-Based Budget – is a request for resources that relates resources requested to performance objectives and is consistent with the Organizational Performance Indicator Framework.

Plan of Action and Milestones (POA&M) – is a project management plan that assists the JDA Program and Implementation Group (and later the DND Office for Defense Reforms) in identifying, assessing, prioritizing, and monitoring the progress of actions items under the PDR.

Planning Horizon – is the planning period addressed in DSOM.

- Program – is a group of related departmental activities and the resources required to achieve specific capability or performance-based objectives within the medium-term planning period (H-1 planning horizon). Programs, which are established by the SND, relate desired outputs (capabilities) to resource inputs (structures, investment, readiness, facilities maintenance, and sustainment, and their associated funding requirements).
- Program Assessments – provide the CSAFP’s personal appraisal and DND Proper staff evaluation on alternative program recommendations to the SND for consideration in refining the defense program. The CSAFP assessment comments on the risk associated with the programmed allocation of Defense resources and evaluates the conformance of Resource Managers’ POMs to the priorities established in strategic plans and Unified Commanders' priority requirements.
- Program Element – is the smallest aggregation of functional or organizational entities and related resources needed to perform a specific mission. Each program element is designed and quantified to be comprehensive and mutually exclusive.
- Program Performance and Budget Execution Reports (PPBERs) – are quarterly reports submitted by Resource Managers to the SND. Periodic SND-CSAFP reviews are conducted to assess results achieved and money spent against SND-established programmatic and financial management objectives. These reviews shall provide the basis for making timely, informed decisions on resource realignments during budget execution.
- Program Structure and Program-Budget Structure – the Program Structure is the SND-directed structure for developing and managing programs. This structure has three levels: programs, sub-programs, and program elements (see Annex A for more details). The three levels provide the SND-approved basis for the Force-Oriented Cost Information System (FOCIS) database which shows intended capability targets and the resources allocated in support of those capabilities. The Program-Budget Structure, which is also established by the SND, combines the Program Structure with budget classification data in a matrix (with program structure in rows and budget classifications in columns). This SND-approved structure permits decision-makers and managers to see at a glance the future costs of planned capabilities and provides a record of the financial resources allocated to each Program Element.
- Programming Advice – provides the CSAFP’s personal recommendations to the SND for the programming and budgeting process before publishing the Defense Planning Guidance. The advice articulates programs the CSAFP deems critical for the SND to consider when identifying the Department’s priorities and performance goals in the DPG and emphasizes specific recommendations that will enhance joint readiness, promote joint doctrine and training, improve joint warfighting capabilities, and satisfy joint warfighting requirements within the Department’s resource constraints and within acceptable risk levels.
- 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 (See Annex D and E for more details).

Senior Leader Roundtable Discussions (SLRTD) – the official forum established by the SND and attended by senior defense and military officials to discuss the issues of greatest concern facing the department. The SND, Undersecretary for Defense Affairs and other relevant Undersecretaries, Assistant Secretary for Plans and Programs and other relevant Assistant Secretaries, CSAFP, Vice CSAFP, major service commanders, J5 and other relevant Joint Staffs attend the SLRTDs. The Military Assistant for DSOM is designated as the Executive Secretary of the SLRTD.

SND Fiscal Agent – is the designated DND Proper executive responsible to the SND for budget development and the implementation of sound business and financial management policies throughout the Department; and for leading resource negotiations between the Department and other government institutions, especially the Department of Budget and Management (DBM) and as appropriate, the Development Budget Coordinating Committee (DBCC). The SND Fiscal Agent, in collaboration with the SND Planning Agent, is responsible to the SND for conducting effective periodic SND-CSAFP Program Performance and Budget Execution Reviews (PPBERs) that relate money spent and results achieved to established programmatic and financial management objectives.

SND Planning Agent – the designated DND Proper executive responsible to the SND for planning and programming activities, publishing a master schedule of major activities that govern the operations of DSOM, and ensuring that all major activities occur in accordance with the established schedule. The SND Planning Agent, in collaboration with the SND Fiscal Agent, is responsible to the SND for establishing effective SND-CSAFP Program Performance and Budget Execution Reviews (PPBERs).

Appendix G. Abbreviations

A2	Assistant Chief of Air Staff for Intelligence, Philippine Air Force
AFP	Armed Forces of the Philippines
AFPCGSC	Armed Forces of the Philippines Command and General Staff College
AFPMPMO	AFP Modernization Program Management Office
APG	Acquisition Planning Guidance
ASAIL	Assistant Secretary for Acquisition, Installation, and Logistics, Department of National Defense, Republic of the Philippines
ASEC	Assistant Secretary, Department of National Defense, Republic of the Philippines
ASPP	Assistant Secretary for Plans and Programs, Department of National Defense, Republic of the Philippines
ASSA	Assistant Secretary for Strategic Assessments, Department of National Defense, Republic of the Philippines
BAC	Bids and Awards Committee
BDM	Budget Decision Memorandum
C2	Command and Control
CAPE	Cost Assessment and Program Evaluation, Department of Defense, United States of America
CDB	Capability Development Board
CDPC	Capability Development Planning Committee
CDRUSPACOM	Commander, U.S. Pacific Command
CG PA	Commanding General, Philippine Army
CG PAF	Commanding General, Philippine Air Force
CMDR	Commander
CMTD	Capability, Material, and Technology Development
CO	Capital Outlay
CPBO	Congressional Planning and Budget Office, Congress of the Philippines
CPG	Capability Planning Guidance
CSAFP	Chief of Staff, Armed Forces of the Philippines
CSPA	CSAFP's Programming Advice
CUP	Capability Upgrade Program
DAS	Defense Acquisition System
DBM	Department of Budget and Management, Republic of the Philippines

DC	Department Circular
DCAPS	Defense Capability Assessment and Planning System
DFA	Department of Foreign Affairs, Republic of the Philippines
DMO	Defense Modernization Office, Department of National Defense, Republic of the Philippines
DND	Department of National Defense, Republic of the Philippines
DO	Department Order
DOD	Department of Defense, United States of America
DPG	Defense Planning Guidance
DRMM	Defense Resource Management Model
DRMS	Defense Resource Management System
DSCA	Defense Security Cooperation Agency, Department of Defense, United States of America
DSOM II	Defense System of Management, Version 2 (DC 05)
DSOM III	Defense System of Management, Version 3 (DC 11)
DSOM	Defense System of Management
DSPS	Defense Strategic Planning System
EO	Executive Order
ESC	Executive Steering Committee, Philippine Defense Reform Program
FMS	Financial Management System
FOCIS	Force-Oriented Cost Information System
FOIC	Flag Officer in Command, Philippine Navy
G2	Assistant Chief of Staff for Intelligence, Philippine Army
GAA	General Appropriations Act, Congress of the Philippines
GHQ AFP	General Headquarters, Armed Forces of the Philippines
GMA	President Gloria Macapagal-Arroyo, Republic of the Philippines
GPPB	Government Procurement Policy Board, Republic of the Philippines
H1	Horizon 1
H2	Horizon 2
H3	Horizon 3
IDA	Institute for Defense Analyses
IRR	Implementing Rules and Regulations
J2	Deputy Chief of Staff for Intelligence, General Headquarters, Armed Forces of the Philippines
J4	Deputy Chief of Staff for Logistics, General Headquarters, Armed Forces of the Philippines
J5	Deputy Chief of Staff for Plans, General Headquarters, Armed Forces of the Philippines
J6	Deputy Chief of Staff for Comptrollership, General Headquarters, Armed Forces of the Philippines
J9	Deputy Chief of Staff for Materiel Development, General Headquarters, Armed Forces of the Philippines

JDA	Joint Defense Assessment
JDA-PAIG	JDA Planning and Implementation Group
JIA	Joint Initial Assessment
JS	Joint Staff, Armed Forces of the Philippines
JUSMAG-PHIL	Joint U.S. Military Advisory Group-Philippines
LOI	Letter of Instruction
MFOs	Major Final Outputs
MNNA	Major Non-NATO Ally
MOOE	Maintenance and Other Operating Expenses
MPMO	Modernization Program Management Office, Armed Forces of the Philippines
MYCaPS II	Multi-year Capability Planning and Execution System, Phase II (or DSOM, Version 1)
MYCaPS	Multi-year Capability Planning and Execution System
MYDPS	Multi-Year Defense Planning System
N2	Assistant Chief of Naval Staff for Intelligence, Philippine Navy
NADESCOM	National Development Support Command, Armed Forces of the Philippines
NATO	North Atlantic Treaty Organization
NDCP	National Defense College of the Philippines
NOA	Notice of Award
NSC	National Security Council
NTP	Notice to Proceed
OPAPP	Office of the Presidential Assistant for Peace Process, Republic of the Philippines
OPIF	Organizational Performance Indicator Framework
OSD	Office of the Secretary, Department of Defense, United States of America
OSS	Office of Strategic Studies, General Headquarters, Armed Forces of the Philippines
PA	Philippine Army
PA&E	Program Analysis and Evaluation, Department of Defense, United States of America
PAF	Philippine Air Force
PBI	Performance-Based Incentive
PDM	Program Decision Memorandum
PDP	Philippine Development Plan
PDR	Philippine Defense Reform
PDT	Philippine Defense Transformation
PDTR	Philippine Defense Transformation Roadmap
PH	Republic of the Philippines
PhilGEPS	Philippine Government Electronic Procurement System

PhP	Philippine Peso
PIE	Program Implementation and Evaluation
PMP	Project Management Plan
PMT	Project Management Team
PN	Philippine Navy
POA&M	Program of Action and Milestone
POM	Program Objective Memorandum
PPBER	Program Performance and Budget Execution Review
PPBS	Planning, Programming, and Budgeting System
PPD	Plans and Programs Division
PPI	Program Preparation Instructions
PQ	Post-Qualification
Program 1	Land Forces Program
Program 2	Air Forces Program
Program 3	Naval Forces Program
Program 4	Joint C2, Support and Training Program
Program 5	DND-Level Central Administration and Support Program
PS	Personal Services
RA	Republic Act
RM	Resource Manager
RPBMS	Results-Based Performance Management System
SDPES	Strategic Defense Planning and Execution System
SLRTDs	Senior Leader Roundtable Discussions
SMEs	Subject Matter Experts
SND	Secretary of National Defense, Department of National Defense, Republic of the Philippines
SVCs	Major Services, Armed Forces of the Philippines
TIG, AFP	The Inspector General, Armed Forces of the Philippines
TWG	Technical Working Group
UCOM	Unified Command, Armed Forces of the Philippines
UN	United Nations
U.S.	United States of America
USAFMA	Undersecretary for Armed Forces Modernization Affairs, Department of National Defense, Republic of the Philippines
USCVRA	Undersecretary for Civil, Veteran, and Reserve Affairs, Department of National Defense, Republic of the Philippines
USDA	Undersecretary for Defense Affairs, Department of National Defense, Republic of the Philippines
USEC AFO	Undersecretary for Armed Forces Operations, Department of National Defense, Republic of the Philippines

USEC	Undersecretary, Department of National Defense, Republic of the Philippines
USFMIM	Undersecretary for Finance, Munitions, Installations, and Materiel, Department of National Defense, Republic of the Philippines
USG	Government of the United States of America
USIA	undersecretary for Internal Affairs, Department of National Defense, Republic of the Philippines
USLSC	Undersecretary for Legal and Special Concerns, Department of National Defense, Republic of the Philippines
USND	Undersecretary for National Defense, Department of National Defense, Republic of the Philippines
USPACOM	U.S. Pacific Command, Department of Defense, United States of America
USPDR	Undersecretary for Philippine Defense Reform, Department of National Defense, Republic of the Philippines
VCSAFP	Vice Chief of Staff, Armed Forces of the Philippines

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