

A. DND PROPER (OFFICE OF THE SECRETARY)

STRATEGIC OBJECTIVES

MANDATE

A National Government agency that shall maximize its effectiveness in guarding against external and internal threats to national peace and security, promoting the welfare of soldiers and veterans, and providing support for social and economic development (Executive Order No. 112)

VISION

A strategic partner of the international community that is capable and responsive, professional and competent, effective and efficient in meeting external and internal challenges to national security and domestic stability as well as contributing to the social and economic development of the Philippines

MISSION

To guard against external and internal threats to national peace and security, to promote the welfare of soldiers, veterans and their families in order to attain national security, to uphold sovereignty and territorial integrity, to support socio-economic development and political stability

KEY RESULT AREAS

1. Just and lasting peace and the rule of law
2. Integrity of the environment and climate change adaptation and mitigation

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

1. Capability to uphold the sovereignty and territorial integrity of the state assured
2. Internal stability promoted and sustained
3. Highest standard of capability and preparedness against calamities and emergencies achieved
4. Security sector reforms implemented

New Appropriations, by Program/Project

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		<u>Current Operating Expenditures</u>			
		<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
PROGRAMS					
100000000	General Administration and Support	P 96,080,000	P 154,903,000	P	P 250,983,000
300000000	Operations		233,507,000	232,500,000	466,007,000
	MFO 1: Defense Policy Services		113,507,000		113,507,000
	MFO 2: Disaster Risk Reduction and Management (DRRM) Services		120,000,000	232,500,000	352,500,000
Total, Programs		96,080,000	388,410,000	232,500,000	716,990,000
TOTAL NEW APPROPRIATIONS		P 96,080,000	P 388,410,000	P 232,500,000	P 716,990,000
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New Appropriations, by Central/Regional Allocation
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REGION	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Regional Allocation	P 96,080,000	P 388,410,000	P 232,500,000	P 716,990,000
National Capital Region (NCR)	96,080,000	388,410,000	232,500,000	716,990,000
TOTAL NEW APPROPRIATIONS	P 96,080,000	P 388,410,000	P 232,500,000	P 716,990,000

Special Provision(s)

1. **Quick Response Fund.** The amount of Three Hundred Fifty Two Million Five Hundred Thousand Pesos (P352,500,000) appropriated herein for the Quick Response Fund (QRF) shall serve as stand-by fund to be used exclusively for relief, rehabilitation and reconstruction programs and projects in order that the situation and living conditions of people living in communities or areas stricken by calamities, epidemics, crises and catastrophes occurring during the year may be normalized as quickly as possible: PROVIDED, That the DND shall coordinate with the Office of Civil Defense to ensure that there will be no duplication in the activities to be undertaken by them using the QRF: PROVIDED, FURTHER, That the QRF shall in no case be used for pre-disaster activities, nor be realigned for any other purpose.

The DND shall submit, either in printed form or by way of electronic document, to the National Disaster Risk Reduction and Management Council, copy furnished the DBM, the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the status of the utilization of the QRF. The Secretary of National Defense and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DND. (GENERAL OBSERVATION - President's Veto Message, December 20, 2013, page 1110, R.A. No. 10633)

2. **Appropriations for Programs and Specific Activities.** The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

The DND Proper shall ensure the full implementation of The Defense System of Management (DSOM) through strict adherence to its master calendar as well as development of its Key Document Products, and the Philippine Defense Transformation (PDT) Roadmap.

Major Final Output(MFO) / Performance Indicators
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Targets
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MFO 1: DEFENSE POLICY SERVICES

Number of defense policies (KDPs, policy briefs, assessments, occasional papers, reviews) developed and issued or reviewed, updated and disseminated	402
Percentage of defense policies reviewed and updated in the last three years	100%

B. GOVERNMENT ARSENAL

STRATEGIC OBJECTIVES

MANDATE

1. Establish, operate, maintain and secure the Arsenal
2. Formulate plans and programs to achieve self-sufficiency in small arms, mortars and other weapons and munitions
3. Design, develop, manufacture, procure, stockpile, allocate and repair small arms, mortars, and other weapons and munitions

4. Devise ways and means for the efficient mobilization of the civilian industry to augment the production of the Arsenal in times of emergency
5. Perform such other functions as maybe provided by law

VISION

To achieve self-sufficiency in ammunition and munitions for the use of the AFP, PNP and other government law enforcement agencies

MISSION

To design, manufacture, procure, stockpile, allocate and repair small arms, weapons, ammunition for these weapons and other munitions for the AFP, PNP and other government law enforcement agencies; and to sell and export excess products, as provided for under Republic Act Nos. 1884, 7898 and 10349; and Executive Order No. 292

KEY RESULT AREAS

Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

1. Capability to uphold the sovereignty and territorial integrity of the state assured
2. Internal stability promoted and sustained
3. Security sector reforms implemented

New Appropriations, by Program/Project

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Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
PROGRAMS				
100000000 General Administration and Support	P 46,648,000	P 36,424,000	P	P 83,072,000
300000000 Operations	126,032,000	675,927,000	40,000,000	841,959,000
MFO 1: Manufacture of Small Arms Ammunition	126,032,000	675,927,000	40,000,000	841,959,000
Total, Programs	172,680,000	712,351,000	40,000,000	925,031,000
TOTAL NEW APPROPRIATIONS	P 172,680,000	P 712,351,000	P 40,000,000	P 925,031,000

New Appropriations, by Central/Regional Allocation

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Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
REGION				
Regional Allocation	P 172,680,000	P 712,351,000	P 40,000,000	P 925,031,000

Region III - Central Luzon	172,680,000	712,351,000	40,000,000	925,031,000
TOTAL NEW APPROPRIATIONS	P 172,680,000	P 712,351,000	P 40,000,000	P 925,031,000

Special Provision(s)

1. **Hospital Income.** In addition to the amounts appropriated herein, all income generated from the operations of the Government Arsenal (GA) infirmary shall be deposited in an authorized government depository bank and shall be used to augment the infirmary's MOOE and Capital Outlays: PROVIDED, That no amount therefrom shall be used for the payment of salaries, allowances and other benefits: PROVIDED, FURTHER, That at least twenty-five percent (25%) of the said income shall be used to purchase and upgrade hospital equipment used directly in the delivery of health services: PROVIDED, FINALLY, That the said income shall be utilized by the DOH upon transfer of administration and supervision of the infirmary to the DOH consistent with the approved Rationalization Plan of the GA.

The GA shall prepare and submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current year covering said income and the corresponding expenditures. Likewise, it shall submit to the DBM not later than March 1 of the current year its audited financial statement for the immediately preceding year. The Director of GA and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said financial statement is likewise posted on the official website of the GA.

Failure to comply with any of the foregoing shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292, s. 1987 and to appropriate criminal action under existing penal laws.

2. **Authority to Barter or Sell Scrap Items.** The Director of GA, may undertake any of the following:

a. Barter scrap with equipment, including motor vehicles essential in the operation of the GA, upon notice to the COA and prior approval of the Secretary of National Defense: PROVIDED, That the equipment and motor vehicles acquired shall be recorded/booked-up as government property.

b. Sell scrap items through public auction in accordance with Section 79 of P.D. No. 1445: PROVIDED, That the proceeds from such sale shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

3. **Appropriations for Programs and Specific Activities.** The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

Manufacture components such as cases, bullets and primers, and fabrication of machine parts, tools, dies and gauges to support the small arms ammunition requirement of the Armed Forces of the Philippines (AFP).

Major Final Output(MFO) / Performance Indicators

Targets

MFO 1: MANUFACTURE OF SMALL ARMS AMMUNITION

Number of small arms ammunition (SAA) manufactured	30.0 M Rounds
Percent supportability to AFP SAA requirements (combat requirements)	98.13%
Percentage acceptance based on standards	98.00%

C. NATIONAL DEFENSE COLLEGE OF THE PHILIPPINES

STRATEGIC OBJECTIVES

MANDATE

To train and develop the skills and competence of potential national defense leaders, civilian officials of the different agencies and instrumentalities of government and selected executives from the private sector in the formulation and implementation of national security policies and for high command and staff duty (Executive Order No. 292)

VISION

To be the center of excellence in educational and policy development for strategic and dynamic leaders in national defense and security

MISSION

To prepare and develop potential national security leaders for high positions of responsibility and command, and undertake research and special studies geared toward the enhancement of national defense and security policy formulation and decision-making at the strategic level

KEY RESULT AREAS

Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

Enhanced national defense and security policy formulation and administration

New Appropriations, by Program/Project

=====

		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
PROGRAMS					
100000000	General Administration and Support	P 13,991,000	P 14,856,000		P 28,847,000
300000000	Operations	14,371,000	18,386,000		32,757,000
	MFO 1: National Defense and Security Education Services	14,371,000	18,386,000		32,757,000
	Total, Programs	28,362,000	33,242,000		61,604,000
	TOTAL NEW APPROPRIATIONS	P 28,362,000	P 33,242,000		P 61,604,000
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New Appropriations, by Central/Regional Allocation

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		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
REGION					
	Regional Allocation	P 28,362,000	P 33,242,000		P 61,604,000
	National Capital Region (NCR)	28,362,000	33,242,000		61,604,000
	TOTAL NEW APPROPRIATIONS	P 28,362,000	P 33,242,000		P 61,604,000
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Special Provisions(s)

1. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

Implementation of the Defense System of Management (DSOM) and the MDCP Roadmap.

Major Final Output(MFO) / Performance Indicators

Targets

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MFO 1: NATIONAL DEFENSE AND SECURITY EDUCATION SERVICES

Number of scholars	50
Percentage of scholars who rate the program as good or better	91%
Percentage of program which commenced within 1 day of schedule	91%

D. OFFICE OF CIVIL DEFENSE

STRATEGIC OBJECTIVES

MANDATE

The Office of Civil Defense shall administer a comprehensive national civil defense and disaster risk reduction and management program. (Section 8 of R.A. No. 10121)

VISION

A center for excellence in Disaster Risk Reduction and Management (DRRM) by 2020

MISSION

To administer a comprehensive national civil defense and DRRM program by providing leadership in the continuous development of strategic and systematic approaches as well as measures to reduce the vulnerabilities and risk to hazards and manage the consequences of disasters.

KEY RESULT AREAS

Integrity of the environment and climate change adaptation and mitigation

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

Highest standard of capability and preparedness against disasters and emergencies addressed

New Appropriations, by Program/Project
=====

	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
PROGRAMS				
100000000 General Administration and Support	P 18,459,000	P 44,960,000		P 63,419,000
300000000 Operations	62,984,000	544,200,000		607,184,000
MFO 1: Disaster Risk Reduction and Management Policy Services	62,984,000	14,200,000		77,184,000
MFO 2: Disaster Management Operations		530,000,000		530,000,000
Total, Programs	81,443,000	589,160,000		670,603,000
TOTAL NEW APPROPRIATIONS	P 81,443,000	P 589,160,000		P 670,603,000

New Appropriations, by Central/Regional Allocation
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	<u>Current Operating Expenditures</u>			
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
REGION				
Regional Allocation	P 81,443,000	P 589,160,000		P 670,603,000
National Capital Region (NCR)	81,443,000	589,160,000		670,603,000
TOTAL NEW APPROPRIATIONS	P 81,443,000	P 589,160,000		P 670,603,000

Special Provision(s)

1. Quick Response Fund. The amount of Five Hundred Thirty Million Pesos (P530,000,000) appropriated herein for the Quick Response Fund (QRF) shall serve as stand-by fund to be used for relief and rehabilitation programs and projects in order that the situation and living conditions of people living in communities or areas stricken by calamities, epidemics, crises and catastrophes occurring during the year may be normalized as quickly as possible: PROVIDED, That the Office of Civil Defense (OCD) shall coordinate with the DND to ensure that there will be no duplication in the activities to be undertaken by them using the QRF: PROVIDED, FURTHER, That the QRF shall in no case be used for pre-disaster activities, nor be realigned for any other purpose.

The OCD shall submit, either in printed form or by way of electronic document, to the National Disaster Risk Reduction and Management Council, copy furnished the DBM, the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on the status of the utilization of the QRF. The Administrator of the OCD and the Office's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the OCD. (GENERAL OBSERVATION -

President's Veto Message, December 20, 2013, page 1110, R.A. No. 10633)

2. Disaster Response Manual. The Office of Civil Defense (OCD), as the secretariat of the National Disaster Risk Reduction and Management Council (NDRRMC), shall develop a Disaster Response Manual which shall serve as the basis of the response expected from the different agencies and sectors on every disaster.

The OCD shall submit a copy of the Disaster Response Manual to the House Committee on Appropriations, the Senate Committee on Finance and all government agencies involved in disaster response.

3. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES :

The Office of Civil Defense shall accomplish its targets through a strategy of convergence and close collaboration and coordination with the Local Government Units (LGUs), National Government Agencies (NGAs), international partners and other stakeholders with the end in view of accomplishing its mandate with utmost dedication and most desired outputs.

Major Final Output(MFO) / Performance Indicators

Targets

MFO 1: DISASTER RISK REDUCTION AND MANAGEMENT POLICY SERVICES

Number of disaster risk management policies and plans developed and issued or reviewed, updated and disseminated.	42
Percentage of stakeholders who rate the policies and plans as good or better	65%
Percentage of policies and plans developed and issued or reviewed, updated and disseminated in the last three (3) years.	90%
Number of persons provided with disaster risk reduction and management training	96,300
Number of training days	938
Number of assignments for technical advisory assistance undertaken	586
Percentage of trainees who rate quality of training as good or better	80%
Percentage of requests for training or technical advice acted upon within three (3) days	80%

MFO 2: DISASTER MANAGEMENT OPERATIONS

Number of disaster operations conducted	210
Percentage of requests for provision of basic needs for food, shelter, etc. responded to within twenty-four (24) hours	80%

E. PHILIPPINE VETERANS AFFAIRS OFFICE (PROPER)

STRATEGIC OBJECTIVES

MANDATE

"The PVAO shall provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans." Sec. 7, Art XVI, 1987 Philippine Constitution and Executive Order No. 292

VISION

A dynamic, committed, and effective organization imbued with the highest standards of integrity, competence, and professionalism in delivering benefits and services to all veterans, and their beneficiaries, promoting their general welfare and perpetuating the memory of their heroic deeds

MISSION

Deliver Veterans benefits and services with utmost dedication, efficiency and compassion to improve their general welfare and to perpetuate the memory of Veterans heroic deeds

KEY RESULT AREAS

1. Poverty reduction and empowerment of the poor and vulnerable
2. Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

Heroic deeds recognized and future veterans inspired

New Appropriations, by Program/Project

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Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
PROGRAMS				
100000000 General Administration and Support	P 27,013,000	P 40,469,000	P	P 67,482,000
300000000 Operations	72,252,000	232,249,000	3,000,000	307,501,000
MFO 1: Administration of Veterans' Pension and Benefits Program	61,647,000	208,209,000	3,000,000	272,856,000
MFO 2: Preservation and Development Services for Military Shrines	10,605,000	24,040,000		34,645,000
Total, Programs	99,265,000	272,718,000	3,000,000	374,983,000
PROJECT(S)				
400000000 Locally-Funded Project(s)			20,000,000	20,000,000
Total, Projects			20,000,000	20,000,000
TOTAL NEW APPROPRIATIONS	P 99,265,000	P 272,718,000	P 23,000,000	P 394,983,000

New Appropriations, by Central/Regional Allocation

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Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
REGION				
Regional Allocation	P 99,265,000	P 272,718,000	P 23,000,000	P 394,983,000
National Capital Region (MCR)	99,265,000	272,718,000	23,000,000	394,983,000
TOTAL NEW APPROPRIATIONS	P 99,265,000	P 272,718,000	P 23,000,000	P 394,983,000

Special Provisions(s)

1.Revolving Fund for Military Shrine Installation and Facilities. Income derived from entrance fees and rentals for the use of military shrine installation and facilities, and board and lodging shall be constituted as a revolving fund. Said income shall be deposited in an authorized government depository bank and shall be used for the MOOE and Capital Outlay requirements of the shrine installation and facilities which may be withdrawn without need of further disbursement authorization, subject to guidelines to be

issued by the Secretary of National Defense and to pertinent accounting and auditing rules and regulations: PROVIDED, That the fund shall not be used for the funding of new and existing permanent and regular positions.

The Philippine Veterans Affairs Office (PVAO) shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on income of, and expenditure from, this fund. The Administrator of PVAO and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the PVAO.

In case of failure to comply with the foregoing requirements, any disbursement in the subsequent quarters shall be void, except upon certification by the DBM and the Agency's web administrator or his/her equivalent that said report has been submitted and posted, respectively.

2. Appropriation for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES :

Immediate and adequate care, benefits and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans.

Major Final Output(MFO) / Performance Indicators

Targets

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MFO 1: ADMINISTRATION OF VETERANS' PENSION AND BENEFITS PROGRAM

Number of pension and other benefit payments made	226,441
Number of pensioners and beneficiaries	184,868
Percentage of payments made over the last three (3) years that are found to be invalid	.50%
Percentage of valid benefit claims made within 10 working days of receipt of completed documents	90%
Percentage of regular pension payments made into the beneficiaries accounts on the due date	100%

MFO 2: PRESERVATION AND DEVELOPMENT SERVICES FOR MILITARY SHRINES

Number of shrines maintained	7
Number of veteran commemorative events managed	18
Percentage of stakeholders who rated the commemorative events as good or better	90%
Percentage of shrine visitors who rated the facility maintenance and customer service as good or better	90%
Percentage of commemorative events that are completed according to program schedule	100%
Percentage of shrines that are maintained on a daily basis	100%

F. VETERANS MEMORIAL MEDICAL CENTER

STRATEGIC OBJECTIVES

MANDATE

The Veterans Memorial Medical Center shall be the primary medical facility for the hospitalization and medical care of eligible veterans and dependents. (Section 16 of R.A. No. 6948)

VISION

VMNC has envisioned to render premium medical services to the veterans and their dependents through a comprehensive health care system characterized by excellence, dedication and commitment.

MISSION

The Four-Fold Mission:

1. PATIENT CARE - to provide the best possible medical care and treatment for eligible veterans and their dependents.
2. EDUCATION AND TRAINING - to provide an integrated, comprehensive and progressive educational training program in medical and allied fields not only for its staff and personnel but also to Fellows, Residents, Interns and Undergraduate students.
3. RESEARCH - to develop and master the research capabilities and potential of the Medical Center by initiating, encouraging and promoting basic clinical and laboratory research.
4. CIVIC ACTION AND OUTREACH PROGRAM - to provide basic medical services to nearby communities and to support the civic action program of the national government.

KEY RESULT AREAS

1. Poverty reduction and empowerment of the poor and vulnerable
2. Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

Security sector reforms implemented

New Appropriations, by Program/Project

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		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
PROGRAMS					
100000000	General Administration and Support	P 134,421,000	P 117,358,000	P	P 251,779,000
300000000	Operations	351,054,000	292,862,000	83,400,000	727,316,000
	MFO 1: Health Care Services for Veterans and Their Dependents	351,054,000	292,862,000	83,400,000	727,316,000
	Total, Programs	485,475,000	410,220,000	83,400,000	979,095,000
	TOTAL NEW APPROPRIATIONS	P 485,475,000	P 410,220,000	P 83,400,000	P 979,095,000

New Appropriations, by Central/Regional Allocation

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		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
REGION					
	Regional Allocation	P 485,475,000	P 410,220,000	P 83,400,000	P 979,095,000
	National Capital Region (NCR)	485,475,000	410,220,000	83,400,000	P 979,095,000
	TOTAL NEW APPROPRIATIONS	P 485,475,000	P 410,220,000	P 83,400,000	P 979,095,000

Special Provision(s)

1. **Hospital Income and Other Revenues from Golf Course Operations.** In addition to the amounts appropriated herein, all income generated from the operations of the Veterans Memorial Medical Center (VMMC) shall be deposited in an authorized government depository bank and shall be used to augment the hospital's MOOE and Capital Outlays.

Likewise, all revenues derived from the VMMC golf club membership dues and green fees, concession fees, and such other income from business-related operations of the golf course shall be deposited in an authorized government depository bank and shall be used to cover the expenses incurred in the operations of the VMMC golf course.

PROVIDED, That no amount from the foregoing hospital income and revenues from golf course operations shall be used for the payment of salaries and other allowances: PROVIDED, FURTHER, That at least twenty-five percent (25%) of said income shall be used to purchase and upgrade hospital equipment used directly in the delivery of health services.

The VMMC shall prepare and submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current year covering said income and the corresponding expenditures. Likewise, it shall submit to the DBM not later than March 1 of the current year its audited financial statement for the immediately preceding year. The Director of VMMC and the hospital's web administrator or his/her equivalent shall be responsible for ensuring that said financial statement is likewise posted on the official website of the VMMC.

Failure to submit any of the foregoing shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

2. **Appropriations for Programs and Specific Activities.** The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

Adequate medical support and services to the veterans and their dependents by providing the needed medicines and diagnostic services and by upgrading hospital facilities and equipment.

Major Final Output(MFO) / Performance Indicators

Targets

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MFO 1: HEALTH CARE SERVICES FOR VETERANS AND THEIR DEPENDENTS

Number of in-patients treated	7,500
Number of out-patients treated	146,000
No. of emergency department treatments	15,000
Percentage of hospital separations that are due to discharge	85%
Percentage of discharged patients who return unscheduled within three (3) months with the same condition	15%
Percentage of patients attended to within 30 minutes upon arrival	80%
Percentage of triage 3 or less urgent emergency department patients who are attended to within thirty (30) minutes	90%

G. PHILIPPINE ARMY (LAND FORCES)

STRATEGIC OBJECTIVES

MANDATE

The PA organizes, trains and equips forces for the conduct of prompt and sustained operations on land. (Executive Order No. 292)

VISION

By 2028, a world-class Army that is a source of national pride

MISSION

To develop, organize, train, equip, support, and sustain Army forces for the conduct of prompt and sustained ground operations to accomplish the AFP's mission

KEY RESULT AREAS

Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

1. Capability to uphold the sovereignty and territorial integrity of the state assured
2. Internal stability promoted and sustained
3. Highest standard of capability and preparedness against disasters and emergencies achieved
4. Security sector reforms implemented

New Appropriations, by Program/Project

=====

		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
PROGRAMS					
100000000	General Administration and Support	P 2,754,929,000	P 431,600,000	P 16,500,000	P 3,203,029,000
200000000	Support to Operations	1,321,290,000	807,842,000		2,129,132,000
300000000	Operations	30,508,214,000	4,964,676,000	36,599,000	35,509,489,000
	NFO 1: Territorial Defense, Security and Stability Services				
		30,508,214,000	4,964,676,000	36,599,000	35,509,489,000
	Total, Programs	34,584,433,000	6,204,118,000	53,099,000	40,841,650,000
PROJECT(S)					
400000000	Locally-Funded Project(s)		1,880,000	26,070,000	27,950,000
	Total, Projects		1,880,000	26,070,000	27,950,000
TOTAL NEW APPROPRIATIONS		P34,584,433,000	P 6,205,998,000	P 79,169,000	P40,869,600,000

New Appropriations, by Central/Regional Allocation

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		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
REGION					
	Regional Allocation	P34,584,433,000	P 6,205,998,000	P 79,169,000	P40,869,600,000

National Capital Region (NCR)	34,584,433,000	6,205,998,000	79,169,000	40,869,600,000
TOTAL NEW APPROPRIATIONS	P34,584,433,000	P 6,205,998,000	P 79,169,000	P40,869,600,000

Special Provision(s)

1. **Hospital Income.** In addition to the amounts appropriated herein, all income generated from the operations of the Fort Bonifacio General Hospital shall be deposited in an authorized government depository bank and shall be used to augment the hospital's MOOE and Capital Outlays: PROVIDED, That no amount therefrom shall be used for the payment of salaries and other allowances: PROVIDED, FURTHER, That at least twenty-five percent (25%) of the said income shall be used to purchase and upgrade hospital equipment used directly in the delivery of health services.

The Philippine Army shall prepare and submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current year covering said income and the corresponding expenditures. Likewise, it shall submit to the DBM not later than March 1 of the current year its audited financial statement for the immediately preceding year. The Commanding General of the Philippine Army and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said financial statement is likewise posted on the official website of the Philippine Army.

Failure to submit any of the foregoing shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

2. **Fees from Use of Equipment and Facilities.** Fees and charges collected by the Philippine Army from the use of its equipment and facilities shall be deposited with the National Treasury as trust receipts and shall be used to augment its operating requirements in accordance with Sections 1 and 2 of E.O. No. 1002, s. 1985.

The Philippine Army shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on its income and expenditures, and the status of the trust receipts. The Commanding General of the Philippine Army and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the Philippine Army.

Implementation of this provision shall be subject to COA-DBM-DOF Joint Circular No. 1-97 dated January 2, 1997.

3. **Compensation and Separation Benefits of the Citizen Armed Forces Geographical Units.** The amount of Two Billion Forty Eight Million One Hundred Thirty Two Thousand Pesos (P2,048,132,000) appropriated for the Citizen Armed Forces Geographical Unit (CAFGU) shall be used for the payment of compensation of its members, and separation benefits not exceeding one (1) year subsistence allowance for its members who will be deactivated pursuant to the Implementing Rules and Regulations of E.O. No. 264, s. 1987 and DND Circular No. 4 dated October 27, 2005: PROVIDED, That no new CAFGUs shall be recruited for training and the corresponding costs attendant to the training of existing CAFGUs shall be gradually scaled down in anticipation of its planned demobilization as a result of the implementation of the AFP Modernization Program.

The Philippine Army shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and Senate Committee on Finance, an annual report indicating the number of existing CAFGU members, the year of their recruitment, and the selection criteria for enlistment in the CAFGU. The Commanding General of the Philippine Army and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said report is likewise posted on the official website of the Philippine Army.

4. **Combat Expenses.** An amount not exceeding One Hundred Thousand Pesos (P100,000) per quarter for each company of the Philippine Army, may be utilized by its tactical units for incidental and necessary expenses during operational exigencies. Such amount, chargeable as combat expense against the approved budget under MOOE of the Philippine Army, shall be treated as cash advance subject to disbursement and liquidation in accordance with COA Circular Nos. 97-002 and 2004-006 dated February 10, 1997 and September 9, 2004, respectively, and other applicable COA issuances.

5. **Purchase of Medicines.** The purchase of medicines by the Philippine Army hospitals and clinics shall strictly comply with the Philippine National Drug Formulary prescribed by the DOH. They may likewise apply such other policies adopted by the DOH on the purchase of medicines, including those authorizing bulk and emergency purchases.

6. **Restriction on Armed Forces of the Philippines Expenditures.** No amount authorized herein shall be used to fund the expenditure requirements of military personnel in excess of the actual troop strength of the Philippine Army.

7. **Appropriations for Programs and Specific Activities.** The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

Alignment with the Army Transformation Roadmap (ATR) and the Defense System of Management (DSOM) thru the PA Strategic Management System (SMS)

Major Final Output(NFO) / Performance Indicators**Targets****NFO 1: TERRITORIAL DEFENSE, SECURITY AND STABILITY SERVICES**

Number of tactical battalions maintained	176
Percentage of operational readiness of tactical battalions	71%
Average percentage of effective strength of tactical battalions that can be mobilized within 1 hour as dictated by higher authorities	90%
Number of ready reserve battalions maintained	81
Percentage of operational readiness of ready reserve battalions	65%

H. PHILIPPINE AIR FORCE (AIR FORCE)**STRATEGIC OBJECTIVES****MANDATE**

The Philippine Air Force (PAF) organizes, trains and equips forces for the conduct of prompt and sustained air operations for the defense of the Philippines (Executive Order No. 292)

VISION

A professional and competent Air Force responsive to national security and development

MISSION

To organize, train, equip and maintain forces in order to conduct prompt and sustained air operations to accomplish the AFP mission

KEY RESULT AREAS

Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

1. Capability to uphold the sovereignty and territorial integrity of the state assured
2. Internal stability promoted and sustained
3. Highest standard of capability and preparedness against disasters and emergencies achieved
4. Security sector reforms implemented

New Appropriations, by Program/Project

		<u>Current Operating Expenditures</u>			
		<u>Personnel</u>	<u>Maintenance</u>	<u>Capital</u>	<u>Total</u>
		<u>Services</u>	<u>and Other</u>	<u>Outlays</u>	
			<u>Operating</u>		
			<u>Expenses</u>		
PROGRAMS					
100000000	General Administration and Support	P 417,053,000	P 411,898,000	P	828,951,000

200000000	Support to Operations	1,615,651,000	248,296,000		1,863,947,000
300000000	Operations	5,405,280,000	4,254,939,000	102,860,000	9,763,079,000
	MFO 1: Territorial Defense, Security and Stability Services	5,405,280,000	4,254,939,000	102,860,000	9,763,079,000
	Total, Programs	7,437,984,000	4,915,133,000	102,860,000	12,455,977,000
	TOTAL NEW APPROPRIATIONS	P 7,437,984,000	P 4,915,133,000	P 102,860,000	P12,455,977,000

New Appropriations, by Central/Regional Allocation

REGION	Current Operating Expenditures			
	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
Regional Allocation	P 7,437,984,000	P 4,915,133,000	P 102,860,000	P12,455,977,000
National Capital Region (NCR)	7,437,984,000	4,915,133,000	102,860,000	12,455,977,000
TOTAL NEW APPROPRIATIONS	P 7,437,984,000	P 4,915,133,000	P 102,860,000	P12,455,977,000

Special Provisions(s)

1. **Hospital Income.** In addition to the amounts appropriated herein, all income generated from the operations of the Philippine Air Force General Hospital shall be deposited in an authorized government depository bank and shall be used to augment the hospital's MOOE and Capital Outlays: PROVIDED, That no amount therefrom shall be used for the payment of salaries and other allowances: PROVIDED, FURTHER, That at least twenty-five percent (25%) of the said income shall be used to purchase and upgrade hospital equipment used directly in the delivery of health services.

The Philippine Air Force shall prepare and submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current year covering said income and the corresponding expenditures. Likewise, it shall submit to the DBM not later than March 1 of the current year its audited financial statement for the immediately preceding year. The Commanding General of the Philippine Air Force and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said financial statement is likewise posted on the official website of the Philippine Air Force.

Failure to submit any of the foregoing shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

2. **Fees from Use of Equipment and Facilities.** Fees and charges collected by the Philippine Air Force from the use of its equipment and facilities shall be deposited with the National Treasury as trust receipts and shall be used to augment its operating requirements in accordance with Sections 1 and 2 of E.O. No. 1002.

The Philippine Air Force shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on its income and expenditures, and the status of the trust receipts. The Commanding General of the Philippine Air Force and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the Philippine Air Force.

Implementation of this provision shall be subject to the provisions of COA-DBM-DOF Joint Circular No. 1-97 dated January 2, 1997.

3. **Combat Expenses.** An amount not exceeding One Hundred Thousand Pesos (P100,000) per quarter for each Philippine Air Force squadron, may be utilized by its tactical units for incidental and necessary expenses during operational exigencies. Such amount, chargeable as combat expense against the approved budget under MOOE of the Philippine Air Force, shall be treated as cash advance subject to disbursement and liquidation in accordance with COA Circular Nos. 97-002 and 2004-006 dated February 10, 1997 and September 9, 2004, respectively, and other applicable COA issuances.

4. **Purchase of Medicines.** The purchase of medicines by the Philippine Air Force hospitals and clinics shall strictly comply with the Philippine National Drug Formulary prescribed by the DOH. They may likewise apply such other policies adopted by the DOH on the purchase of medicines, including those authorizing bulk and emergency purchases.

5. **Restriction on Armed Forces of the Philippines Expenditures.** No amount authorized herein shall be used to fund the expenditure requirements of military personnel in excess of the actual troop strength of the Philippine Air Force.

6. **Appropriations for Programs and Specific Activities.** The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

Increasing PAF readiness to achieve the Command thrusts of POWER-UP PAF consistent with the Defense Planning Guidance 2014-2019

Major Final Output(MFO) / Performance Indicators

Targets

MFO 1: TERRITORIAL DEFENSE, SECURITY AND STABILITY SERVICES

Number of supportable aircraft maintained	123
Aircraft Maintenance Readiness Rate	60%
Percentage of flight-directed mission responded within one (1) hour	80%

I. PHILIPPINE NAVY (NAVAL FORCES)

STRATEGIC OBJECTIVES

MANDATE

The Philippine Navy organizes, trains and equips forces for the conduct of prompt and sustained naval operations. (Executive Order No. 292)

VISION

By 2020, we shall be a strong and credible Navy that our maritime nation can be proud of

MISSION

To organize, train, equip, maintain, develop and deploy forces for prompt and sustained naval maritime operations to accomplish the AFP mission

KEY RESULT AREAS

Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

1. Capability to uphold the sovereignty and territorial integrity of the state assured
2. Internal stability promoted and sustained
3. Highest standard of capability and preparedness against disasters and emergencies achieved
4. Security sector reforms implemented

New Appropriations, by Program/Project

=====

Current Operating Expenditures

	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
PROGRAMS				
100000000 General Administration and Support	P 1,413,366,000	P 627,437,000	P 1,510,000	P 2,042,313,000
200000000 Support to Operations	1,296,532,000	581,680,000		1,878,212,000
300000000 Operations	6,417,010,000	3,231,755,000	283,697,000	9,932,462,000
	-----	-----	-----	-----
MFO 1: Territorial Defense, Security and Stability Services	6,417,010,000	3,231,755,000	283,697,000	9,932,462,000
	-----	-----	-----	-----
Total, Programs	9,126,908,000	4,440,872,000	285,207,000	13,852,987,000
	-----	-----	-----	-----
PROJECT(S)				
400000000 Locally-Funded Project(s)			22,000,000	22,000,000
			-----	-----
Total, Projects			22,000,000	22,000,000
			-----	-----
TOTAL NEW APPROPRIATIONS	P 9,126,908,000	P 4,440,872,000	P 307,207,000	P13,874,987,000
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New Appropriations, by Central/Regional Allocation

=====

Current Operating Expenditures

	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
REGION				
Regional Allocation	P 9,126,908,000	P 4,440,872,000	P 307,207,000	P13,874,987,000
	-----	-----	-----	-----
National Capital Region (NCR)	9,126,908,000	4,440,872,000	307,207,000	13,874,987,000
	-----	-----	-----	-----
TOTAL NEW APPROPRIATIONS	P 9,126,908,000	P 4,440,872,000	P 307,207,000	P13,874,987,000
	-----	-----	-----	-----

Special Provision(s)

1. Hospital Income. In addition to the amounts appropriated herein, all income generated from the operations of the Philippine Navy hospital shall be deposited in an authorized government depository bank and shall be used to augment the hospital's MOOE and Capital Outlays: PROVIDED, That no amount therefrom shall be used for the payment of salaries and other allowances: PROVIDED, FURTHER, That at least twenty-five percent (25%) of the said income shall be used to purchase and upgrade hospital equipment used directly in the delivery of health services.

The Philippine Navy shall prepare and submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current year covering said income and the corresponding expenditures. Likewise, it shall submit to the DBM not later than March 1 of the current year its audited financial statement for the immediately preceding year. The Flag-Officer-In-Command of the Philippine Navy and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said financial statement is likewise posted on the official website of the Philippine Navy.

Failure to submit any of the foregoing shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

2. Fees from Use of Equipment and Facilities. Fees and charges collected by the Philippine Navy from the use of its equipment and facilities shall be deposited with the National Treasury as trust receipts and shall be used to augment its operating requirements in accordance with Sections 1 and 2 of E.O. No. 1002.

The Philippine Navy shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on its income and expenditures, and the status of the trust receipts. The Flag-Officer-In-Command of the Philippine Navy and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the Philippine Navy.

Implementation of this provision shall be subject to the provisions of COA-DBM-DOF Joint Circular No. 1-97 dated January 2, 1997.

3. Combat Expenses. An amount not exceeding One Hundred Thousand Pesos (P100,000) per quarter for each company or its equivalent in the Philippine Navy, may be utilized by its tactical units for incidental and necessary expenses during operational exigencies. Such amount, chargeable as combat expense against the approved budget under MOOE of the Philippine Navy, shall be treated as cash advance subject to disbursement and liquidation in accordance with COA Circular Nos. 97-002 and 2004-006 dated February 10, 1997 and September 9, 2004, respectively, and other applicable COA issuances.

4. Purchase of Medicines. The purchase of medicines by the Philippine Navy hospitals and clinics shall strictly comply with the Philippine National Drug Formulary prescribed by the DOH. They may likewise apply such other policies adopted by the DOH on the purchase of medicines, including those authorizing bulk and emergency purchases.

5. Restriction on Armed Forces of the Philippines Expenditures. No amount authorized herein shall be used to fund the expenditure requirements of military personnel in excess of the actual troop strength of the Philippine Navy.

6. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

To provide the Operational Commanders with the best mix of forces, equipment, and support attainable within fiscal constraints through a systematic, strategy-driven, capability-based processes in order to perform prompt and sustained naval operations.

Major Final Output(MFO) / Performance Indicators	Targets
=====	=====

MFO 1: TERRITORIAL DEFENSE, SECURITY AND STABILITY SERVICES

Number of mission-ready fleet marine units	122
Percentage of readiness of fleet marine units	70.73%
Number of mission-ready support and sustainment units	55
Percentage of readiness of support and sustainment units	64.17%
Average response time of fleet units that can be mobilized as instructed by higher authorities	24 Hours
Average response time of marine units that can be mobilized as instructed by higher authorities	6 Hours

J. GENERAL HEADQUARTERS, AFP AND AFP WIDE SERVICE SUPPORT UNITS (AFPWSSUS)

STRATEGIC OBJECTIVES

MANDATE

1. GHQ : GHQ, AFP shall prepare strategic plans and provide for the strategic direction of the AFP, including the direction of operations of unified or specified commands. (Executive Order No. 292).

2. AFPMC: The AFPMC provides comprehensive quality tertiary health care services to AFP personnel, dependents, and authorized civilians through consultation and treatment in all health care fields of specialties; and complete diagnostic, therapeutic, and ancillary services.
3. PMA: The PMA is mandated to instruct, train and develop cadets to possess the character, the broad and basic military skills, and the education essential to the successful pursuit of a progressive military career.
4. PSG: The PSG is tasked to provide security to the President of the Republic of the Philippines. It secures and protects the members of the First Family; visiting heads of States and Governments; the President's residences, offices, and places of presidential engagements and its environs.

VISION

1. GHQ: A world class AFP, source of national pride by 2028.
2. AFPMC: To sustain quality health care and allied medical services to the members of the AFP and other beneficiaries
3. PMA: To attain the institutional vision to be the premier leadership school of the country
4. PSG: To sustain security services provided to the President of the Republic of the Philippines, official First Family and visiting Heads of States and Governments

MISSION

1. GHQ: To exercise command, direction of all AFP units to protect and secure the sovereignty of the state and the integrity of the national territory
2. AFPMC: To provide comprehensive quality tertiary health care services to AFP personnel and other beneficiaries
3. PMA: To instruct, train and develop cadets to possess the character, the broad and basic military skills, and the education essential to the successful pursuit of a progressive military career
4. PSG: To protect the President of the Republic of the Philippines and his immediate family; visiting heads of state, government and other dignitaries as the President may direct

KEY RESULT AREAS

Just and lasting peace and the rule of law

SECTOR OUTCOME

Stable national security environment achieved

ORGANIZATIONAL OUTCOME

1. Capability to uphold sovereignty and territorial integrity of the state assured
2. Internal stability promoted and sustained
3. Highest standard of capability and preparedness against disasters and emergencies
4. Security sector reforms implemented

New Appropriations, by Program/Project

=====

		<u>Current Operating Expenditures</u>				
		<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Financial Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
PROGRAMS						
100000000	General Administration and Support	P 944,960,000	P 363,006,000	P	9,672,000	P 1,317,638,000
300000000	Operations	1,674,041,000	3,275,855,000	19,000	48,648,000	4,998,563,000
	MFO 1: Military Policy Advisory Services	175,549,000	402,160,000		24,315,000	602,024,000
	MFO 2: Joint Force Strategic Planning, Logistics and resource Management Services	514,779,000	1,581,693,000	19,000	19,791,000	2,116,282,000

MFO 3: Tertiary Health Care Services	348,310,000	870,525,000		1,218,835,000
MFO 4: Military Education Services	468,874,000	184,314,000	4,542,000	657,730,000
MFO 5: Presidential Security and Protection Services	166,529,000	237,163,000		403,692,000
Total, Programs	2,619,001,000	3,638,861,000	19,000	58,320,000
PROJECT(s)				
400000000 Locally Funded Project(s)			5,000,000,000	5,000,000,000
Total, Projects			5,000,000,000	5,000,000,000
TOTAL NEW APPROPRIATIONS	P 2,619,001,000	P 3,638,861,000	P 19,000	P 5,058,320,000
				P11,316,201,000

New Appropriations, by Central/Regional Allocation

REGION	Current Operating Expenditures				
	Personnel Services	Maintenance and Other Operating Expenses	Financial Expenses	Capital Outlays	Total
Regional Allocation	P 2,619,001,000	P 3,638,861,000	P 19,000	P 5,058,320,000	P11,316,201,000
National Capital Region (NCR)	2,173,041,000	3,490,418,000	19,000	5,057,820,000	10,721,298,000
Cordillera Administrative Region (CAR)	445,960,000	148,443,000		500,000	594,903,000
TOTAL NEW APPROPRIATIONS	P 2,619,001,000	P 3,638,861,000	P 19,000	P 5,058,320,000	P11,316,201,000

Special Provision(s)

1. Hospital Income. In addition to the amounts appropriated herein, all income generated from the operations of the AFP Medical Center shall be deposited in an authorized government depository bank and shall be used to augment the hospital's MOOE and Capital Outlays: PROVIDED, That no amount of said income shall be used for the payment of salaries, allowances and other benefits: PROVIDED, FURTHER, That at least twenty-five percent (25%) of the said income shall be used to purchase and upgrade hospital equipment used directly in the delivery of health services.

The General Headquarters of the AFP shall prepare and submit to the DBM not later than November 15 of the preceding year, the annual operating budget for the current year covering said income and the corresponding expenditures. Likewise, it shall submit to the DBM not later than March 1 of the current year its audited financial statement for the immediately preceding year. The AFP-Chief of Staff and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said financial statement is likewise posted on the official website of the AFP.

Failure to submit any of the foregoing shall render any disbursement from said income void, and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5, and Section 80, Chapter 7, Book VI of E.O. No. 292 and to appropriate criminal action under existing penal laws.

2. Fees and Charges from Use of Equipment and Facilities. Fees and charges collected by the General Headquarters of the AFP from the use of its equipment and facilities shall be deposited with the National Treasury as trust receipts and shall be used to augment its operating requirements in accordance with Sections 1 and 2 of E.O. No. 1002.

The General Headquarters of the AFP shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on its income and expenditures, and the status of the trust receipts. The AFP-Chief of Staff and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the General Headquarters of the AFP.

Implementation of this provision shall be subject to the provisions of COA-DBM-DOF Joint Circular No. 1-97 dated January 2, 1997.

3. **Funds for the United Nations Peacekeeping Operations.** Funds provided by the United Nations for the peacekeeping operations shall be deposited with the National Treasury as trust receipts and shall be used to cover the allowance, uniform, gear and equipment, weaponry and training ammunition, as well as the pre-deployment expenses, and maintenance of the Peacekeeping Training Center: PROVIDED, That said amounts shall first be used to reimburse any advances made by the National Government to fund the foregoing requirements.

4. **Armed Forces of the Philippines Modernization Program.** The amount of Five Billion Pesos (P5,000,000,000) appropriated herein for the AFP Modernization Program shall be administered by the Secretary of National Defense and shall be used exclusively to support the funding requirements for the modernization projects under said Program. The AFP Modernization Program shall be endorsed to the President of the Philippines by the Secretaries of National Defense and Budget and Management for submission to Congress in accordance with Section 3 of R.A. No. 10349: PROVIDED, That the allotment for the purpose shall only be released upon submission by the DND to DBM of the recommendation by the appropriate bids and awards committee for the award of contracts for the implementation of modernization projects in accordance with the provisions of R.A. No. 9184.

The DND shall submit, either in printed form or by way of electronic document, to the DBM, copy furnished the House Committee on Appropriations and the Senate Committee on Finance, quarterly Program Accountability Report. The Secretary of National Defense and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DND.

Implementation of this provision shall be subject to the guidelines to be issued by the DBM, DND and AFP.

5. **Combat Expenses.** An amount not exceeding One Hundred Thousand Pesos (P100,000) per quarter for each company or its equivalent in the General Headquarters of the AFP, may be utilized by its tactical units for incidental and necessary expenses during operational exigencies. Such amount, chargeable as combat expense against the approved budget under MOOE of the General Headquarters of the AFP, shall be treated as cash advance subject to disbursement and liquidation in accordance with COA Circular Nos. 97-002 and 2004-006 dated February 10, 1997 and September 9, 2004, respectively, and other applicable COA issuances.

6. **Confidential and Intelligence Funds.** Intelligence funds shall be released or disbursed only upon approval of the President of the Philippines, or when specifically identified and authorized as such under this Act: PROVIDED, That the use and release of savings to augment intelligence funds is subject to prior approval by the President of the Philippines, upon recommendation of the Secretary of National Defense and the rules on realignment of funds in the succeeding Special Provision.

Confidential funds authorized for the Major Services and the General Headquarters of the AFP under this Act for confidential activities shall be released only upon approval of the Secretary of National Defense.

Implementation of this provision shall be subject to the guidelines to be issued by the DBM.

7. **Realignment of Funds.** The Chief of Staff of the AFP is authorized to augment any item of expenditure within Personnel Services and MOOE of the Major Services and the General Headquarters of the AFP: PROVIDED, That any realignment of funds from one allotment class to another, as well as the realignment of funds among objects of expenditures within Capital Outlays shall be subject to prior approval of the President of the Philippines upon the joint recommendation by the Secretary of National Defense and Secretary of Budget and Management: PROVIDED, That realignment of savings from Capital Outlays may only be undertaken during the first quarter.

8. **Restriction on Use of Funds Allotted for Petroleum, Oil and Lubricants.** The amounts appropriated herein for the purchase or acquisition of petroleum, oil and lubricants for the Major Services and the General Headquarters of the AFP shall be used exclusively for said purposes. In no case shall any portion of said appropriations be utilized for any other purpose.

The Secretary of National Defense shall implement the appropriate internal control measures and safeguards to inspect deliveries of petroleum, oil and lubricants serviced directly to aircrafts, vessels and motor vehicles utilized for any other purpose.

9. **Use of Appropriations Allotted for Longevity Pay.** Longevity pay shall be charged against the specific appropriations allotted for the purpose under the Major Services and the General Headquarters of the AFP. In determining entitlement to longevity pay, the period of trainee service, ROTC Instructor's Training, probationary training and cadet service in Service Academies and in the Philippine Air Force Flying School not exceeding four (4) years, shall be considered as active military service.

10. **Purchase of Medicines.** The purchase of medicines by the hospitals and clinics of the General Headquarters of the AFP shall strictly comply with the Philippine National Drug Formulary prescribed by the DOH. They may likewise apply such other policies adopted by the DOH on the purchase of medicines, including those authorizing bulk and emergency purchases.

11. **Reimbursement of Expenses Incurred in Anti-Smuggling and Economic Subversion Operations.** Expenses incurred by the Major Services and the General Headquarters of the AFP in anti-smuggling, economic subversion or similar operations may be reimbursed out of the proceeds from the sale of items seized or confiscated by the AFP upon recommendation of the Secretary of National Defense and approval by the President of the Philippines, subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, and to pertinent budgeting, accounting and auditing rules and regulations.

12. **The Reservists Affairs Program.** The amounts authorized for the Reservists Affairs Program, which covers the Ready, Standby and Retired Reservists training shall be administered by the General Headquarters of the AFP.

Qualified reservists on regular annual active duty shall compose a minimum of three percent (3%) of the total number of participants undergoing training and education, both local and abroad under the Program. Reservists on regular active duty training shall be entitled to avail of the services of all AFP hospitals.

13. **Administration of the Bilateral Engagements Fund.** The amounts appropriated for the bilateral engagements shall be administered by the General Headquarters of the AFP. Any material, supplies, equipment, facilities and other property received by the General Headquarters of the AFP in connection with the activities undertaken under said bilateral engagements shall be recorded/booked-up as government property.

14. **Restriction on Armed Forces of the Philippines Expenditures.** No amount authorized herein shall be used to fund the expenditure requirements of military personnel in excess of the actual troop strength of the General Headquarters of the AFP.

15. **Appropriations for Programs and Specific Activities.** The amounts appropriated herein for the programs of the agency shall be used specifically for the activities in the amounts indicated under the Details of the FY 2014 Budget attached as Annex A (Volume 1) of this Act.

PERFORMANCE INFORMATION

KEY STRATEGIES

- a) AFP : AFP Internal Peace and Security Plan "Bayanihan"
- b) AFPNC: To sustain quality health care and allied medical services to the members of the AFP and other beneficiaries
- c) PMA : To attain the institutional vision to be the premier leadership school of the country
- d) PSG : To sustain security services provided to the President of the Republic of the Philippines, official First Family and visiting Heads of States and Governments

Major Final Output(MFO) / Performance Indicators

Targets

MFO 1: MILITARY POLICY ADVISORY SERVICES

Number of military plans and policies formulated and adopted/issued	43
Percentage of adopted/issued military plans and policies rated satisfactory or better by both external and internal clients	90%
Percentage of adopted/issued military plans and policies implemented within fifteen (15) days after official issuance thereof	90%

MFO 2: JOINT FORCE STRATEGIC PLANNING, LOGISTICS AND RESOURCE MANAGEMENT SERVICES

Number of command and control activities undertaken	82,573
Percentage of C2 activities successfully undertaken	90%
Average number of hours spent in a day to fully implement a single C2 activity	24 Hours

MFO 3: TERTIARY HEALTH CARE SERVICES

EMERGENCY ADMISSIONS

Number of people admitted to the emergency room	10,852
Percentage of people admitted to the emergency room that received appropriate medical treatment and care	100%
Percentage of people admitted to the emergency room that received appropriate treatment within one (1) minute call	100%

ACUTE ADMISSIONS

Number of people admitted to the hospital	10,410
Percentage of in-patients who received appropriate medical care and attention	95%
Percentage of in-patients who received proper treatment within fifteen (15) minutes	95%

HOSPITAL SEPARATIONS

Percentage of hospital separations that are due to discharge	85%
Percentage of separated patients who rated the hospital treatment received as satisfactory or better	85%
Percentage of discharged patients who returned within three (3) months with the same or worsened condition	15%

MFO 4: MILITARY EDUCATION SERVICES**PRE-COMMISSION TRAINING AND EDUCATION**

Number of cadets/students trained	934
Percentage of students who rate the course as satisfactory or better	95%

POST-COMMISSION TRAINING

Number of personnel trained	150
Percentage of personnel trained who assumed position of major responsibility	90%
Average number of months spent for post-commission training	9
No. of reservist trainings to be conducted	60

MFO 5: PRESIDENTIAL SECURITY AND PROTECTION SERVICES

Number of personnel in service	1,371
Percentage of personnel with at least two (2) years of specialized security service training	30%
Percentage of personnel capable of mobilization within twenty (20) minutes notification	85%

**GENERAL SUMMARY
DEPARTMENT OF NATIONAL DEFENSE**

	<u>Current Operating Expenditures</u>				
	<u>Personnel Services</u>	<u>Maintenance and Other Operating Expenses</u>	<u>Financial Expenses</u>	<u>Capital Outlays</u>	<u>Total</u>
A. DND Proper (Office of the Secretary)	P 96,080,000	P 388,410,000	P	P 232,500,000	716,990,000
B. Government Arsenal	172,680,000	712,351,000		40,000,000	925,031,000
C. National Defense College of the Philippines	28,362,000	33,242,000			61,604,000
D. Office of Civil Defense	81,443,000	589,160,000			670,603,000
E. Philippine Veterans Affairs Office (PROPER)	99,265,000	272,718,000		23,000,000	394,983,000
F. Veterans Memorial Medical Center	485,475,000	410,220,000		83,400,000	979,095,000
G. Armed Forces of the Philippines - Philippine Army (Land Forces)	34,584,433,000	6,205,998,000		79,169,000	40,869,600,000
H. Armed Forces of the Philippines - Philippine Air Force (Air Forces)	7,437,984,000	4,915,133,000		102,860,000	12,455,977,000
I. Armed Forces of the Philippines - Philippine Navy (Naval Forces)	9,126,908,000	4,440,872,000		307,207,000	13,874,987,000
J. Armed Forces of the Philippines - General Headquarters, AFP and AFP Wide Service Support Units (AFPWSSUS)	2,619,001,000	3,638,861,000	19,000	5,058,320,000	11,316,201,000
Total New Appropriations, Department of National Defense	P54,731,631,000	P21,606,965,000	P 19,000	P 5,926,456,000	P82,265,071,000