CIRCULAR LETTER

No. 2014- 3
March 27, 2014

TO : Heads of Departments, Bureaus, Offices and Agencies of the National Government, Heads of Finance Units; Budget Officers; Chief Accountants and All Others Concerned

SUBJECT : Expansion of Coverage for the Issuance of Multi-Year Obligational Authority (MYOA) under CL No. 2004-12

1.0 Under Circular Letter No. 2004-12 dated October 27, 2004, i.e., Prescribing the Guidelines and Procedures in the Issuance of Multi-Year Obligational Authority, specifically, Section 2 thereof, the Armed Forces of the Philippines Modernization Program (AFPMP) under RA No. 7898 was excluded from the coverage of MYOA issuance.

2.0 With the passage of the Revised AFPMP under RA No. 10349 on December 11, 2012 amending RA No. 7898, particularly Section 5 of RA No. 10349 which amends Section 9 of RA No. 7898, multi-year contracts and other contractual arrangements have been authorized as follows:

2.1 For the Secretary of National Defense to enter into multi-year contracts, lease and lease-purchase agreements subject to prior issuance of MYOA by DBM.

2.2 For Congress to make the corresponding appropriation for the ensuing fiscal years upon issuance of said multi-year obligational authority by DBM.

3.0 Consistent with the provisions of RA 10349, Section 2.0 of Circular Letter No. 2004-12 is hereby amended to include the
programs/projects/activities under the Revised AFPMP, funding for which shall be appropriated in the annual GAA.

4.0 Likewise, the following specific documentary requirements applicable only to the Revised AFPMP are to be complied with prior to the issuance of a MYOA for the AFPMP projects:

4.1 Approval of the projects/activities by the President in the event that the Revised AFPMP has not yet been endorsed to Congress pursuant to Section 3 of RA 10349;

4.2 Approval by the President issued to the DND Secretary to enter into MYC for a specific acquisition/project; and

4.3 Funding Strategy, i.e., proposed funding source, financing arrangements to which the acquisition is to be covered.

5.0 This Circular shall take effect immediately.

FLORENCIO B. ABAD
Secretary