

ANNEX D1:
MOBILIZING INTERNATIONAL COMMITMENT FOR PHILIPPINE DEVELOPMENT PRIORITIES:
THE CASE OF THE PHILIPPINE MEMBERSHIP TO THE UN and HOSTING OF ASEAN CONFERENCE

Introduction

Faced with world recession with some experts saying a double dip one, the Philippine government continued to be faced with budget deficits and limited resources which was exacerbated by inefficiencies in the system. Hence, the Department of Budget and Management (DBM) started implementing a zero-based budgeting (ZBB) program. It called for an assessment of all the contributions of the Philippine government to various international organizations through the International Commitment Fund (ICF).

In this regard, in compliance with the ZBB program and under the instructions of the DFA Secretary, the Assistant Secretary for the United Nations and Other International Organizations (UNIO) of the Department of Foreign Affairs (DFA) has asked his team to diligently prepare a results-based cost-benefit analysis of the Philippine membership in international organizations and hosting of international conferences. This was to be presented before the Budget Hearings to be conducted by the 15th Congress. He specifically instructed his team to closely coordinate with other agencies and come up with a zero-budget proposal highlighting the benefits of the country in general and the value addition of the DFA in particular. However, the Assistant Secretary was faced with the issue on how to present the benefits of the country's membership and hosting of international conferences both in tangible and intangible, pecuniary and non-pecuniary, direct and indirect terms. He thought of highlighting two international organizations to showcase the country's benefits, namely the United Nations (UN) and the Association of South East Asian Nations (ASEAN).

The ICF and the guidelines for making pledges to IOs and accessing the ICF for hosting international conferences

The ICF is the source of Philippine contributions to IOs and funding for hosting international conferences. The contributions are commitments or obligations of the Philippine government in terms of membership assessments in IOs, counterpart contributions to offices of IOs based in the country and hosting of international conferences.

The ICF is a component in the General Appropriations Act (GAA) and is separate from the operational budget of the DFA. It is co-chaired and administered by the DFA-UNIO and the DBM.

But before becoming a member of an IO, a standard procedure was set in entering into commitments or making pledges to IOs or hosting international or regional conferences as provided for in Memorandum

Circular 194. The budget process could be best illustrated by a flowchart (See Annex 1: ICF Budget Preparation Process Flow) highlighting four key steps:

1. Heads of national government agencies and government controlled corporations (GOCCs) and government financial institutions (GFIs) submit request to DFA to enter into a new commitment or make a pledge to an IO. This should be supported by a cost-benefit analysis.
2. DFA Secretary submits recommendation to the Review Panel on the propriety of entering into new commitment or making a pledge to an IO including the budgetary implications.
3. Review Panel to submit its recommendations to the DFA Secretary.¹
4. DFA Secretary to submit its recommendation to the Office of the President for approval

As regards the preparation of ICF budget, the following procedures had been established for hosting international conferences (See Annex 2: ICF Budget Preparation for Hosting International Conferences):

1. UNIO writes to all agencies and relevant DFA offices asking them to submit a cost-benefit analysis
2. The ICF Review Panel conducts consultations through meetings, with representatives of focal agencies requesting new contributions/increase in contributions during the 1st quarter of every year.
3. DFA-Office of Fiscal Management (OFM) and UNIO finalize the ICF budget with DBM's guidance prior to the former's submission to the latter.
4. DBM prepare the National Expenditure Program (NEP) for submission to Congress.
5. Congress submits to the President for approval.

After approval of ICF budget for a particular IO, the DFA-OFM following a 9-step procedure (See Annex 3: Payment Contribution to an International Organization), had to start processing payment of its contribution to the IO.

Current Challenges faced by the ICF

One of the main issues faced by the ICF is the ad hoc nature of the Review Panel. The Panel was tasked to study and make recommendations to focal agencies on whether the Philippines should continue its membership or make new commitments in IOs. The creation of a legal mandate e.g., Administrative or

¹ Review Panel's Tasks: Review and evaluate the budget requests from focal agencies for funding under the ICF based on established guidelines, Conduct consultations with the focal agencies in aid with its review and evaluation tasks, Recommend to the DFA Secretary for endorsement to DBM the corresponding budget proposal for the ICF appropriations required for the ensuing year, and Recommend measures to improve the administration and management of the ICF.

Executive Order that specifically identifies the composition of the Panel would enhance the Panel's authority as the prime policy-making and recommendatory body on all matters pertaining to the administration of the ICF.

In addition, the DFA served as the de facto secretariat of the ICF Review Panel. Again, the arrangement was not based on any Executive of Administrative Order making it ad hoc in nature. Having no legal basis made it more difficult for the DFA to coordinate and standardize and institutionalize requests and reports especially cost-benefit analysis. As of date, the members of the Ad Hoc Review Panel included the Department of Finance (DOF), the National Economic and Development Authority (NEDA) and the Office of the President (OP).

According to the Desk Officer of UNIO, the cost-benefit analysis submitted by requesting agencies did not have a standard format highlighting both quantitative and qualitative benefits of the country's membership to IOs and hosting of international conferences. Hence, UNIO perennially was faced with difficulty in presenting a more measurable output, better qualitative description of the intangible benefits and a clearer and unequivocal alignment of outcomes with the priority areas of the President (Social Contract) and the Philippine Development Plan 2011-2016. Furthermore, the reporting mechanism of line agencies, GOCCs and GFIs failed to translate into quantifiable terms (e.g., scholarships, grants, amount of projects funded, etc.) and link these benefits to the priority areas of the present administration e.g., maintained voting rights of the Philippines, among others. The outputs and outcomes were also missing in the cost-benefit analysis.

The value addition of the DFA in the ICF process especially in the implementation of commitments to IOs was also not clearly emphasized. The process flow did not also cover the whole supply chain. It lacked the monitoring, evaluation and feedback mechanisms especially to FSPs

According to the letter to DFA Secretary Albert F. Rosario, of Executive Secretary Paquito Ochoa dated 26 September 2011, the budget deficiencies for ICF assistance were not highlighted in the proposals for ICF funding. The letter also cited that "recent developments and policy efforts necessitate the revisiting of procedural and substantive guidelines on the use and release of ICF.

Benefits to the Country: The United Nations (UN) and the Association of South East Asian Nations (ASEAN) experience

The UN has been one of the most vital international organizations in the country's development initiatives.

The proposed budget for the fiscal year 2013 for the UN regular budget was P112,877,000.00. The 2012 budget was the same with 2013 (with a decrease due to foreign exchange) as approved under the General Appropriations Act (GAA) (RA 10155).

In addition to the proposed budget (subject to final assessment by the UN Fifth Committee), the Philippines is obliged to fulfill its financial obligations to other UN bodies by virtue of agreements, treaties, conventions adhered to by the government.

Based on UNIO's summary matrix, the following were some of the examples of the benefits of the country's membership to the UN:

1. Tangible (but lacked quantifiable measurements): scholarships, trainings, technical assistance
2. Intangible: Promotion of Philippine interests in international peace and security, human rights, environment, health, education, and economic development, etc.
3. Pecuniary: Funding for certain projects under the UN auspices e.g., Development of a Near Surface Radioactive Waste Disposal Facility. However, the report fell short of describing the amount of funding, coverage area, target beneficiary, impact on the Philippine priority areas, etc.
4. Direct: Technical cooperation project in the Philippines
5. Indirect: Prestige and goodwill of the Philippines in the international community

The importance of the process was deemed as important as the inputs. Hence, the DFA's role from the pledging to budget preparation to implementation and monitoring and evaluation should also be stressed. The DFA and its FSPs represent the country and articulate the President's foreign policy and priority agenda. In so doing, the DFA and its FSPs tables, lobbies support for, negotiates (formally, informal, informal-informal, corridor negotiations, etc.) with other Member States especially on issues pertinent to the President's KRAs. In addition, the report was short of underscoring the value addition of the DFA and its FSPs in pushing for the country's priority areas. For example, there were numerous instances that the DFA's FSPs represent other line agencies that were not able to send delegation to international conferences (See Annex 4) maybe due to lack of funds, conflict in schedule, among others. This has accrued savings to the Philippine government since the focal agencies did not send its own delegation. In addition, the DFA's FSPs also provide substantive inputs, key leads and important quid pro quo to forward the interests of the Philippine government through the respective government agencies. Again, the benefits should be measured in quantitative and qualitative terms and should outweigh the country's P112 million contribution to the UN.

For hosting international conferences, the Philippines was slated to host the 2nd International Conference on ASEAN Community Building 2012 in May 2012 at a cost of P7.2 million.

The DFA proposed to host an International conference on ASEAN Community Building in line with the approaching ASEAN 2015. The objective was to sensitize the Philippine government agencies of the country's commitments and responsibilities in and priorities for ASEAN. The proposal highlighted the following benefits to the country which were aligned with the President's key result areas (KRA): a) transparent, accountable and participatory governance and c) rapid, equitable, and sustained economic growth. The expected output and outcomes were also identified in the proposal such as increase in number of Philippine project proposals for possible ASEAN-related funding facilities, increase awareness

of the available resources and funding opportunities provided by ASEAN's Dialogue Partners, and capacity-building e.g., skills development in project proposal writing and educational awareness of ASEAN, etc.

But the proposed conference lacked the tangible and pecuniary benefits. Hosting such a prestigious international conference would also be an opportunity for the country to project its positive image that "it is more fun in the Philippines" to invest, to do business in, to visit and to live in. The outcome was not measured in terms of target funds to be accessed for particular project proposals. At the end of the day, the cost of P7.2 million should be offset by tangible and intangible, pecuniary and non-pecuniary, direct and indirect benefits.

Conclusion

The set of criteria and process of making commitments to IOs and hosting international conferences and management of the ICF revealed gaps especially in the cost-benefit analysis and monitoring, evaluation and feedback mechanisms. Hence there was a need for a more comprehensive cost-benefit assessment, one that highlights the tangible, intangible, pecuniary, non-pecuniary, direct and indirect benefits and an effective monitoring, evaluation and feedback system. The benefits should outweigh the country's financial contributions to the IOs or hosting of international conferences. There was also a need to effectively communicate to various stakeholders the value addition of the DFA and its FSPs in pushing for the country's agenda in the international forums and promoting the country's image abroad along the priority areas of President Benign S. Aquino III. The ICF Review Panel and Co-chairmanship of DFA and DBM should also be institutionalized to provide the necessary legal authority and resources for a more efficient and effective management of the ICF.

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