

ICC GUIDELINES AND PROCEDURES¹

The following guidelines and procedures have been formulated to rationalize the institutional relationship among the NEDA, DBM, DOF, and the CB, in the context of investment planning and financing and BOP monitoring. It shall be updated, as and when necessary, to enable the ICC to perform its mandate more effectively in the context of new policies/developments, and changes in the institutional structures and mandates among agencies and in government as a whole.

I. **Functions of the Investment Coordination Committee (ICC)**²

1. Review the fiscal, monetary and balance of payments (BOP) implications of major capital projects (MCPs) and recommend to the President the timetable of the implementation of these projects on a regular basis. In this regard, the following shall be taken into account, among others:
 - a. peso requirements of the project in terms of the current and capital outlays needing peso support directly or indirectly from the national government (NG) and/or government financial institutions (GFIs);
 - b. foreign exchange requirements of the project in terms of the current and capital outlays needing foreign exchange directly or indirectly from bilateral and/or multilateral sources;
 - c. sources of funds;
 - d. terms and conditions of the proposed financing; and
 - e. where applicable, compliance to foreign debt ceiling under RA. 4860, as amended, per certification of the Bureau of Treasury.
2. Submit to the President a status of the fiscal (budgetary), monetary (credit), and BOP implications of MCPs.
3. Review/evaluate specific MCPs with respect to technical, financial, economic, social, and institutional development, feasibility/viability as well as from the context of sectoral plans and geographical strategies, and recommend to the NEDA Board for approval³.

II. **Organizational Structure of the ICC**

ICC Cabinet Committee (ICC-CC)

Secretary of Finance

- Chairman

¹ Revised edition approved by the ICC Cabinet Committee on its 11 April 1991 meeting.

² Executive Order No. 230 (Reorganizing the National Economic and Development Authority, 22 July 1987)

³ ICC Cabinet Committee Meeting on 11 April 1991

Director-General of NEDA	-	Co-Chairman
Executive Secretary	-	Member
Secretary of Budget and Management	-	Member
Secretary of Trade and Industry	-	Member
Secretary of Agriculture	-	Member
Secretary of Energy	-	Member
Governor of the Bangko Sentral ng Pilipinas	-	Member
Secretary of Coordinating Council for Private Sector Participation	-	Member

Other government agencies shall be invited to Committee deliberations as and when necessary.

Duties and responsibilities of the ICC-CC

- a. Recommend to the NEDA Board for approval decisions on specific projects/programs submitted for ICC clearance as well as other issues concerning ICC;
- b. Recommend to the NEDA Board an annual implementation program for MCPs through the Medium-Term Public Investment Program (MTPIP); and
- c. Submit to the President through the NEDA Board a status of the fiscal, monetary and BOP implications of MCPs.

ICC Technical Board (ICC-TB)

The ICC shall be supported by a Technical Board (ICC-TB) composed of senior representatives from the following agencies:

NEDA	-	Chairman
Department of Finance		
- International Finance Group	-	Co-Chairman
Department of Finance		
- Corporate Affairs Group	-	Member
Office of the President	-	Member
Department of Budget and Management	-	Member
Department of Trade and Industry	-	Member
Department of Agriculture	-	Member
Bangko Sentral ng Pilipinas	-	Member
Department of Environment and Natural Resources	-	Member
Department of Energy	-	Member
Coordinating Council for Private Sector Participation	-	Member

Other government agencies shall be invited to participate in ICC-TB deliberations, as and when necessary.

The Technical Board shall in general provide technical support to the ICC-CC. It shall review all matters for the decision of the Cabinet Committee and present recommendations thereon.

Duties and responsibilities of the ICC-TB:

- a. Discuss/deliberate on the economic, social, financial, technical, institutional aspects of projects, including policy issues as evaluated by the ICC Secretariat;
- b. Identify priority areas for foreign financing to guide the Central Bank in the evaluation and approval of foreign loan proposals;
- c. Elevate to the Cabinet Committee for deliberation and decision recommended actions, policies and issues concerning specific projects submitted to the ICC;
- d. Review the status of the fiscal, monetary and BOP implications of MCPs and
- e. Consider/formulate policies relevant to the review of projects in general and other matters relevant to the performance of the functions of ICC.

ICC Secretariat

The NEDA shall serve as the Secretariat of the ICC Headed by an Executive Officer, the ICC Secretariat shall provide technical support staff to the Technical Board and Cabinet Committee.

Duties and responsibilities of the ICC Secretariat (in coordination with concerned ICC member agencies):

- a. Undertake the evaluation of all produce submitted to the ICC with respects to technical, financial, economic, social, institutional development, feasibility/viability as well as policy aspects, and come up with comments/recommendations for consideration by the ICC;
- b. Recommend the relative priority of projects within and across sectors/regions;
- c. Undertake continuing improvements on existing methods and guidelines for project evaluation for dissemination to line/proponent (refer to Project Evaluation Guidelines);

- d. Maintain a Project Evaluation Monitor (PEM) of projects cleared by the ICC and/or approved by the NEDA Board, including those in the pipeline for ICC clearance. The PEM shall also capture NEDA Board conditions on specific projects for compliance during loan negotiations;
- e. Conduct studies supportive of the tasks of the ICC, as deemed necessary;
- f. Perform administrative tasks such as:
 - preparing agenda, minutes and other documents requiring action by the Technical Board and/or Cabinet Committee
 - undertaking follow-up actions in support of ICC decisions
 - serving as the liaison between the Technical Board and the Cabinet Committee
 - providing feedback information to proponent agencies on the status of projects reviewed by the ICC
 - arranging the meetings of the Technical Board and the Cabinet Committee and coordinating the provision of the necessary logistics for the meetings

III. Scope of ICC Review/Decisions

In general, ICC review is undertaken for projects requiring ICC clearance and/or NEDA Board approval as a pre-conditions for:

- a. loans and guarantees by the national government;
- b. private sector access to concessional ODA financing;
- c. obtaining CB authority to negotiate foreign loans and Monetary Board approval of foreign borrowing;⁴ and
- d. budgetary appropriations.

ICC review/decisions shall cover:

1. Any independent undertaking of the public sector with total projects cost of P300 million and above, resulting in new capital formation in the economy, irrespective of financing (i.e. whether for local funding or through loans/grants for foreign funding).

New capital formation refers to real investments involving physical additions to the capital stock of the economy. Projects involving the above magnitude shall be classified as Major Capital projects (MCPs). This shall include:

⁴ LOI No. 158, 21 January 1974

- a. single or multipurpose projects;
 - b. programs/project packages consisting of independent or interrelated projects such as integrated area development (IAD); nationwide or inter-regional infrastructures rehabilitation/upgrading; nationwide infrastructure network such as roads, power, rural electrification and telecommunications; and
 - c. Individual capital forming project components of program/sector loans which can be treated as separate and distinct activities.
2. Public sector project with foreign borrowing of at least \$5 million.
 3. Projects of the private sector seeking concessional ODA financing under on-lending arrangements and/or National Government financing guarantees. This shall include infrastructure projects to be implemented under the BOT/BOO/BT schemes⁵

Due consideration shall be given to availability of other financing sources including commercial loans, special financing programs of the national government, equity, etc., and financing viability of the project and position of the company.

4. Other projects/programs not defined above shall be considered on a case to case basis (e.g., projects/programs not endorsed by the ICC Secretariat due to resolution of certain policy issues).

The benchmark for the cut-off costs shall be updated by the ICC Secretariat as appropriate. Moreover, the exchange rates to be applied in converting peso costs to dollar terms shall be based on rates set by the Central Bank.

Attached as Annex A is a matrix indicating the specific courses of action to be undertaken for projects and program of the national government.

On the other hand, the following items are excluded from ICC review/decisions:

1. Public sector projects/programs below the prescribed cut-off level,
 - a. For those requiring less than \$5 million foreign borrowings, projects shall no longer undergo ICC review but shall go directly to the NEDA Board for approval as may be endorsed by the ICC Secretariat, copy furnished ICC for notation.
 - b. For grant funding, projects will not require ICC clearance but shall be submitted to the NEDA Board for approval on a case to case basis.

⁵ Details on private sector access to ODA are covered under separate implementing guideline.

2. Program/policy and sector loans incurred strictly for BOP and budgetary support which shall be referred directly to the NEDA Board for approval;
3. Projects purely funded by local government units (LGUs) from their own resources;
4. Recurrent maintenance and operating expenditures funded under regular budgetary appropriations;
5. Acquisition of spare parts for maintenance purposes;
6. Projects of the private sector under relending programs via special credit facilities; and
7. Non-capital forming projects/activities-for technical assistance such as research, training, and expert services.

IV. Procedures

- I. Identification/processing of projects for ICC review
 - a. Projects that should be lined up for ICC discussions/deliberations will be drawn primarily from the Medium-Term Public Investment Program (MTPIP) in the order of their relative priority and target commencement schedule. That is, first priority shall be given to projects whose implementation are targeted for the first and second years of the MTPIP and whose loan negotiations are forthcoming. Concerned proponent agencies shall ensure that MTPIP projects scheduled for implementation in the current year are cleared by the ICC as necessary.
 - b. A tentative two-month rolling agenda calendar of such projects shall be predetermined by the ICC Secretariat to systematize the scheduling of ICC meetings. Said agenda calendar shall nevertheless be flexible to accommodate other well-prepared and priority projects of proponent agencies (including those with major policy issues) requiring ICC clearance and/or NEDA Board approval.
 - c. Evaluating staffs (i.e. NEDA Sector Staffs and Regional Offices) shall ensure the completeness of submission of ICC requirements (refer to #4 below) by proponent agencies. Projects without complete documents shall not be calendared for ICC review.
 - d. Projects are initially reviewed by the ICC Secretariat for possible endorsement to the ICC Technical Board and Cabinet Committee for clearance.

The DBM, GCMCC, and CB shall be furnished by the proponent agency/GOCC with pertinent information on the project for the evaluation of financing terms/options and external financing requirements. This measures shall effect a simultaneous evaluation by the NEDA secretariat, CB, GCMCC and DBM to streamline the

process in the issuance, MB approval-in-principle, and clearance for budgetary appropriations.

Once an ICC clearance has been secured, the project is elevated to the NEDA board for approval, with the issuance of the NEDA Board Resolution. Exceptions to this, however, include projects involving foreign borrowings as program/policy and sector loans incurred strictly for BOP/budgetary support which no longer undergo ICC review. Rather, these projects can be referred directly to the NEDA Board for approval as may be endorsed by the ICC Secretariat, copy furnished ICC for notation/monitoring purposes

- e. The responsibility of presenting the proposal to the ICC-TB, is lodged with the proponent. In this regard, a checklist of possible issues which may be raised at the ICC-TB level (e.g. budgetary, financial, environmental concerns, etc.) shall be provided to proponent agencies for consideration in their presentation. Subsequent presentation of the project to the ICC-CC shall be made by the ICC-TB.

2. Issuance of ICC clearance/NEDA Board approval

- a. ICC clearance shall be secured preferably before projects are appraised by foreign funding agencies, and always prior to the issuance of approval-in-principle by the Monetary Board as well as negotiation of project funding/signing of financing commitment.
- b. In case a project is cleared by the ICC prior to its appraisal by a prospective funding source and the project experiences an increase/increment of more than 10 percent in total project cost after appraisal, then the project has to undergo ICC reevaluation. The proponent should be able to explain the basis for the revised cost figures. Projects with revisions in scope in any or all of its components shall likewise undergo ICC reevaluation to the extent that this would involve a corresponding change in project cost. However, if the change in project costs and benefits have already been sufficiently captured in the earlier sensitivity analysis and the project remains viable, then reevaluation may not be necessary. Instead, ICC clearance for the cost change shall be secured.
- c. ICC approved costings and other NEDA Board conditions on projects shall be reflected in the NEDA Board resolution as the basis for loan negotiations, the compliance of which shall be monitored and reported to the ICC by the head of the negotiating panel.
- d. To ensure that projects for NEDA Board approval are no longer subjected to a parallel review of issues already resolved at the ICC level, a list of resolved issues shall be drawn up for the certification by the ICC-CC Chairman.

3. Schedule of Meetings

- a. The Cabinet Committee shall meet monthly while the Technical Board shall meet at least twice a month for project review and every other month for sectoral review.
- b. Special meetings shall likewise be called, when deemed necessary, to accommodate projects and other agenda items requiring immediate consideration/attention, or when a quorum is not available during regular meetings. In case of the latter, the agenda set for the canceled regular meeting shall be discussed during the special meeting.

4. Submission Requirements

Submission of projects to the ICC for evaluation/clearance shall include following:

- a. Feasibility study
- b. Accomplished ICC-PE Forms
- c. Endorsement of the concerned Regional Development Council (RDC) for region-based projects
- d. Endorsement from other concerned agencies
- e. Clearance from DBM
- f. Endorsement from the GCMCC with respect to the financial capacity of the concerned agencies
- g. Agency Plan for Rights-of-Way (ROW) acquisition (when applicable)
- h. Location map (when applicable)
- i. Environmental Impact Statement (EIS)
- j. Environmental Compliance Certificate (ECC) for projects that fall within the EIS system set by the EMB.