

ICC GUIDELINES AND PROCEDURES¹

The following have been formulated to guide the ICC and its clients in the context of investment planning and financing and balance of payments (BOP) monitoring. It will be updated, as and when necessary, to enable the ICC to perform its mandate more effectively considering 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 BOP implications of major capital projects³ (MCPs) and recommend to the President the timetable of the implementation of these projects and programs on a regular basis. In this regard, the following will be taken into account, among others:
 - a. peso requirements of the program/project in terms of the current and capital outlays needing financial support, directly or indirectly, from the national government (NG) and/or government financial institutions (GFIs);
 - b. foreign exchange requirements of the program/project in terms of the current and capital outlays needing financial support, directly or indirectly, from bilateral and/or multilateral sources;
 - c. sources of funds;
 - d. terms and conditions of the proposed financing;
 - e. where applicable, compliance to foreign debt ceiling under RA. 4860 or the Foreign Borrowings Act of 1966, as amended, per certification of the Bureau of Treasury; and
 - f. other pertinent legislative and administrative issuances of Government.
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 submit to the NEDA Board (NB) for confirmation of ICC action.

II. Organizational Structure of the ICC

ICC Cabinet Committee (ICC-CC)

EO 230 assigns the ICC-CC as the highest decision-making body in the Executive Branch that approves MCPs. However, since it is a Committee of the NB, its decision on projects are presented to the NB for a formal confirmation. A certification of ICC approval is a prerequisite for inclusion of the project resource requirement in the annual budget program

¹ Revised as of 4 March 2005 based on the 4 August 2004 updates approved by the ICC-Technical Board and Cabinet Committee. The 4 March 2005 revisions made are in Section III (Scope of ICC Review Decisions) and Section IV (m) (Procedures) pursuant to ICC policy issuance dated 4 March 2005 raising the ICC project cost floor to PhP500 million.

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

³ An MCP is a program costing at least PhP500 million and involves investments in physical and human capital through expenditures or transfers by the National Government. As a rule, MCPs can be evaluated, specifically in terms of financial and economic viability.

over the medium-term, or congressional appropriations of NG guarantees or negotiation with creditors.

The ICC-CC is composed of the following members:

Secretary of Finance	-	Chairperson
Secretary of Socio-economic Planning (NEDA)	-	Co-Chairperson
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
Executive Director of the BOT Center	-	Member

The members of the ICC-CC may be represented by designated alternates. The above members (except for the BOT Center Executive Director) are Cabinet members or equivalent rank who also serve as members of the NB. Other government agencies will be invited to Committee deliberations, as and when necessary.

ICC Technical Board (ICC-TB)

The ICC-TB deliberates on program/project proposals and endorses meritorious ones to the ICC-CC for approval. In particular, the ICC-TB focuses on the various options available to proponents in implementing and financing a program/project. Towards this end, the ICC-TB provides direct advice to the proponent on how proposals can be improved upon before they are elevated to the ICC-CC for approval. Programs/projects presented for ICC-TB deliberations are evaluated by the ICC Secretariat and other concerned agencies, as applicable, whose findings/recommendations are contained in a [Project Evaluation Report \(PER\)](#).

The ICC-TB is composed of senior representatives from the following agencies:

NEDA	-	Chairperson
Department of Finance	-	Co-Chairperson
- International Finance Group	-	Member
- 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
BOT Center	-	Member

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

ICC Secretariat

The NEDA Secretariat serves as the Secretariat of the ICC. The ICC Secretariat provides technical staff support to the Technical Board and Cabinet Committee, in coordination with other government agencies. The ICC Secretariat performs the following functions:

- a. Undertake the evaluation of all program/project documents submitted to the ICC with respect to technical, financial, economic, social, environmental, institutional development, feasibility/viability as well as policy aspects, and come up with comments/recommendations for consideration by the ICC;
- b. Review the overall sectoral and spatial context of a specific program/project including the relative priority accorded to the program/project by the proponent;
- c. Undertake continuing improvements on existing methods and guidelines for program/project evaluation for dissemination to proponent agencies (refer to [ICC Project Evaluation Procedures and Guidelines](#));
- d. Maintain an ICC Project Appraisal Monitor (IPAM) which is a guide/tool in the generation/identification of programs/projects requiring review and approval by the ICC. The IPAM also contains information on programs/projects cleared by the ICC and/or approved by the NEDA Board, including the conditions for approval;
- e. Conduct studies supportive of the tasks of the ICC, including drawing out policy implications from ICC-TB and CC discussions, 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;
 - providing secretariat support to the ICC-Technical Working Group (TWG) on BOT contract review;
 - serving as the liaison between the Technical Board and the Cabinet Committee;
 - providing feedback information to proponent agencies on the status of programs/projects reviewed by the ICC; and
 - 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 and approval is undertaken for programs/projects requiring ICC clearance and/or NEDA Board approval as a pre-conditions for:

- a. securing loans and guarantees by the National Government agencies and corporations;
- b. facilitating private sector participation in National Government projects under the RA 7718 (The Philippine BOT Law) as amended as well as access to external financing which require National Government guarantees;
- c. obtaining Monetary Board and other authorization, as required by law, to negotiate foreign loans and approve foreign borrowing;⁴
- d. programming forward budgetary obligation requirements; and,
- e. processing any other expenditure decisions the NEDA Board and its Committees may require the ICC to act on.

In certain cases, as may be defined under these guidelines or by the ICC, programs/projects reviewed by the ICC Secretariat may be submitted to the ICC to note for its information (i.e., ICC notation).

⁴ Letter of Instruction No. 158 dated 21 January 1974

ICC review/decisions cover:

1. Programs/projects⁵ of national line agencies with total cost of PhP500 million and above, regardless of financing;
2. New activities of government-owned and controlled corporations (GOCCs) and government financial institutions (GFIs) requiring investments above PhP500 million that has to be financed by NG-guaranteed loan;
3. For projects of national line agencies and GOCCs implemented through the BOT and its variant schemes.
 - a. Those costing up to PhP300 million shall be submitted to the ICC for its approval; and
 - b. Those costing more than PhP300 million shall be submitted to the NEDA Board for its approval, upon recommendation of the ICC;
4. For local BOT projects to be implemented by local government units (LGUs) costing above PhP200 million;
5. Programs/projects costing PhP500 million and above of private sector companies, private foundations and non-government organizations (NGOs) that are intending to tap concessional ODA loan financing through on-lending arrangements and/or NG financing guarantees;
6. Ongoing ICC-approved programs/projects involving changes in scope; change in cost above established sensitivity parameters and budgetary allocation relative to original/prior ICC approval; or, extension in implementation period or loan validity of more than 12 months; and
7. Other programs/projects not defined above will be considered on a case to case basis as may be defined by the ICC and the ICC Secretariat.

IV. Procedures

The ICC Business Process is attached as Annex A. The business process is elaborated hereunder:

- a. Programs/projects that will be lined up for ICC discussions/deliberations should be drawn primarily from the Medium-Term Public Investment Program (MTPIP) of the proponent government unit in the order of their relative priority and target commencement schedule. First priority will be given to programs/projects whose implementation is targeted for the first and second years of the MTPIP and whose loan negotiations are forthcoming. Concerned proponent agencies will 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 programs/projects based on IPAM will be predetermined by the ICC Secretariat to systematize the scheduling of ICC meetings. Said agenda calendar will nevertheless be flexible to accommodate other well-prepared and priority programs/projects of proponent agencies (including those with major policy issues) requiring ICC clearance and/or NEDA Board approval.

⁵ Detailed engineering (D/E) studies are considered part of project implementation and require prior ICC approval for funding and project start. Corollary to this, D/E studies require completed feasibility study (FS). Evaluation of the proposal is done on the entire project rather than on the D/E investment alone

- c. The ICC Secretariat will ensure the completeness of submission of ICC requisite documents (complete list in Annex B) which will be the basis of project evaluation, findings of which are shared with the proponent prior to ICC deliberation of the project. The proponent agency will submit to the ICC Secretariat, copy furnished DBM, DOF-CAG and BSP, pertinent documents/information on the program/project to facilitate simultaneous evaluation of financing terms/options and external financing requirements by oversight agencies.
- d. The ICC Core Secretariat of the Public Investment Staff of NEDA will facilitate that both the ICC Secretariat and the DOF-CAG's evaluation reports are available during the ICC-TB presentation of GOCC/GFI-proposed programs/projects. Both reports will be integrated in the ICC Secretariat PER during ICC-CC presentation of projects.
- e. Proponents should secure a DBM certification of the availability of budget cover for new proposals or requests related to ongoing programs/projects before submitting such for ICC action. However, should the ICC Secretariat technical evaluation be completed and that the only pending information is the DBM certification, for which the proponent has already officially submitted to DBM such budget strategy, then the program/project may be presented for ICC-TB deliberation. To this end, the ICC-TB PER should include a copy of the proponent's budget strategy as already submitted officially to DBM. The DBM representative in the ICC-TB meeting will be requested to update the Board on the Department's action on the proponent's request for certification. The DBM certification will be subsequently integrated in the PER to be presented to the ICC-CC.
- f. National Credit Council (NCC) endorsement will only be required for onlending/re-lending programs/projects proposed by agencies/institutions not classified as GFIs. For GFIs, NCC comments may be solicited, if any; however, NCC positive action for requested comments will not be a prior condition for continuing ICC Secretariat action on proposals for ICC review.
- g. Programs/projects under BOT and its variant schemes should adhere to the ICC review and approval process provided in RA 7718 (The Philippine BOT Law) and its Implementing Rules and Regulations, as amended.
- h. Programs/projects that involve local government units (LGUs) should adhere to the 6 October 2004 ICC directive on "Financing of Activities Devolved to LGUs". The National Government shall not provide grant/subsidy to LGU-devolved programs, activities and projects (PAPs). In cases, however, where the LGUs may need additional or supplemental resources in implementing the devolved PAPs, such LGUs can avail of loans from the National Government through the Municipal Finance Corporation (MFC) or other government financial institutions (GFIs).
- i. The ICC Secretariat presents the project and the results of its evaluation to the ICC. The proponents, represented by the Project Implementation Officer (PIO), his/her alternate or a duly-authorized representative/s, are invited to respond to the issues raised by the TB and/or CC during the meeting.
- j. ICC clearance should be secured before the program/project appraisal by foreign funding agencies, and always prior to the issuance of approval-in-principle by the Monetary Board as well as negotiation of program/project funding/signing of financial commitment.
- k. ICC re-evaluation is required for:
 - (1) A proposed program/project that incurs at least 10 percent change in total cost arising from changing the design, price updating and change in financing mix, among others, following the appraisal by the foreign financing institution.

- (2) An ongoing program/project involving changes in cost, scope or implementation period as well as extension of loan validity beyond 12 months that result to more than 20 percent cost/time overruns.

If the change in cost and scope have been sufficiently captured in the earlier sensitivity analysis and the program/project remains viable, the re-evaluation may focus on measuring the proponent's capacity to absorb the cost requirements within its multi-year budget program. The proponent should be able to justify the basis for the revised cost figures.

ICC notation/information after earlier ICC approval is applied to:

- (1) A proposed program/project that incurs less than 10 percent change in total cost arising from changing the design, price updating and change in financing mix, among others, following the appraisal by the foreign financing institution.
- (2) An ongoing program/project with request for extension of validity of loans and grants of less than 12 months and/or incurring zero or minimal additional budget from the national government within the agency budget ceiling. This is applied to requests for final extensions only and that further requests thereafter are automatically denied.

In both situations, the ICC Secretariat will evaluate the projects, the results of which will be reported to the ICC. The proponents should submit the justification for the revised cost figures as input to the ICC Secretariat evaluation.

- I. Projects for which ICC endorsement/approval was deferred will be remanded to the ICC Secretariat for re-evaluation.
- m. To avoid the problems associated with delayed implementation and to encourage agencies to present well-prepared project proposals, the current ICC review and approval of a program/project has an application of 18 months. Should the program/project not be implemented within this period⁵, it will need ICC review anew.
- n. Programs/projects approved by the ICC will be elevated to the NEDA Board for confirmation as required under existing rules and regulations. The ICC-approved cost and other NEDA Board conditions on programs/projects will be reflected in the NEDA Board resolution as the basis for loan negotiations, the compliance of which will be monitored and reported to the ICC by the Secretariat.

V. Schedule of Meetings

The ICC-TB and CC, respectively, will meet twice per month provided the required quorum is confirmed by the ICC Core Secretariat.

Special meetings may likewise be called, when deemed necessary by the ICC and as recommended by the ICC Secretariat, to accommodate programs/projects and other agenda items requiring immediate action, or when a quorum is not available during regular meetings. In case of the latter, the agenda set for the canceled regular meeting will be discussed during the special meeting.

⁵ Project is considered under implementation once project document or loan/grant agreement is signed and made effective.