

MALACAÑAN PALACE
MANILA

MEMORANDUM CIRCULAR NO. 194

**STANDARD PROCEDURE IN ENTERING INTO NEW COMMITMENTS OR
MAKING PLEDGES TO INTERNATIONAL ORGANIZATIONS or HOSTING
OF INTERNATIONAL or REGIONAL CONFERENCES**

WHEREAS, Philippine contributions to international organizations are sourced from the International Commitments Fund (ICF) administered by the Department of Foreign Affairs;

WHEREAS, the ICF is part of the annual General Appropriations Act (GAA) passed by Congress and approved by the President;

WHEREAS, due to a need to optimize utilization of scarce government resources and at the same time maximize benefits vis-à-vis costs, an Ad-Hoc Inter-Agency Review Panel composed of the Department of Foreign Affairs (DFA), as Chairman; Department of Budget and Management (DBM), as Co-Chairman; Department of Finance (DOF), National Economic Development Authority (NEDA) and the Office of the President (OP) as Members, has been constituted by the DBM in coordination with the DFA to review administration of the ICF;

WHEREAS, the DBM and the DFA issued Joint Circular No. 1-90 dated 01 January 1990 to provide guidelines of contributions to International Conferences sourced from the ICF under the annual GAA;

WHEREAS, it has come to the attention of the ICF Review Panel that there are Philippine representatives/participants to various International Organizations (IOs) who make new commitments/pledges in the form of membership contributions or hosting of international or regional conferences without prior clearance/approval of appropriate agencies. As a consequence, these new commitments and/or pledges could not be met or funded and thus become a cause of embarrassment for and/or create or contribute to the arrears by the Philippine Government;

NOW, THEREFORE, to avoid situations which would result to unfunded commitments/pledges and unnecessary embarrassment to the Philippine Government, the following procedures shall be strictly complied with before entering into a new commitment, or before making a pledge:

1. Requests by Heads of Departments and Agencies of the National Government including Government-Owned and/or Controlled Corporations (GOCCs) and Government Financial Institutions (GFIs) to enter into a new commitment or make a pledge to an International Organization (IO), shall be submitted to the DFA Secretary. The request shall be supported by a justification for a new commitment or pledge in the form of a cost-benefit analysis;


2. Recommendation of the DFA on the propriety of entering into a new commitment or making a pledge to an IO including the budgetary implications thereof, shall be submitted within 15 working days from receipt of the request to the International Commitments Fund (ICF) Review Panel composed of representatives from DFA, DBM, DOF, NEDA and OP for consideration;
3. Recommendation of the Review Panel shall be submitted to the DFA Secretary;
4. Recommendation of the DFA Secretary shall be submitted to the Office of the President for approval.

Any new financial commitment entered into or a pledge made by an official or his duly designated representative which did not comply with the above-mentioned procedure/ requirements, shall be charged against the respective Department/ Agency's budget.

Commitments/ Pledges should be submitted during the first quarter of the year in order to be considered in the next year's ICF budget.

This Memorandum Circular shall take effect immediately.

By Authority of the President:


LEANDRO R. MENDOZA
Executive Secretary

Manila, 11 June 2010