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## Working Paper

Toward Optimal Budget Utilization at the Department of Foreign Affairs: Focus on Foreign Service Posts and the International Commitment Funds (a zero-based budgeting attempt)

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Philippine Institute for Development Studies  
*Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas*

**Towards Optimal Budget Resource Utilization  
at the DFA: Focus on Foreign Service Posts  
and the International Commitment Funds**

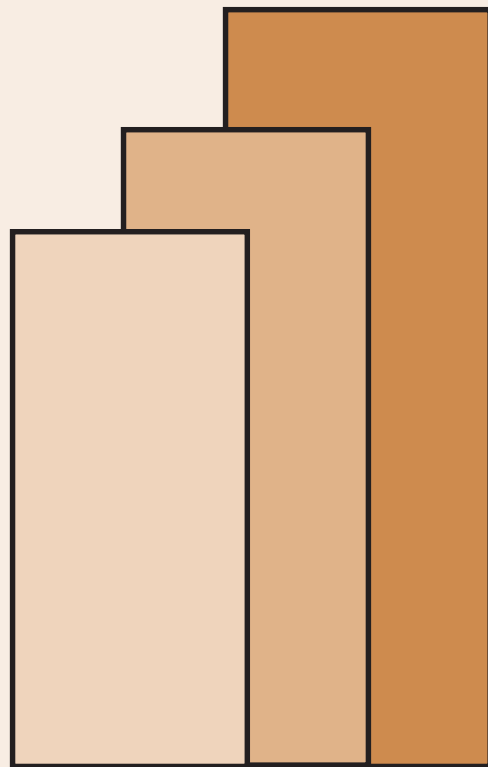
*Federico M. Macaranas, Norma Lasala,  
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**Towards Optimal Budget Resource Utilization at the  
Department of Foreign Affairs: Focus on Foreign Service  
Posts and the International Commitment Funds  
(A Zero-Based Budgeting Attempt)**

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**Department of Budget and Management  
Manila, Philippines  
March 2013**

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## Abbreviations and Acronyms

ACTETSME	Center for Training on Small and Medium Enterprises
AEP	Ambassador Extraordinary and Plenipotentiary
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASPAC	Asia Pacific
ATN	Assistance-to-Nationals
BCA	Benefit-Cost Analysis
Carmin	Career Minister
CEA	Cost Effectiveness Analysis
DBM	Department of Budget and Management
DFA	Department of Foreign Affairs
DFAT	Department of Foreign Affairs and Trade
DOLE	Department of Labor and Employment
DND	Department of National Defense
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
DOT	Department of Tourism
EPC	E-Passport Personalization Center
EU	European Union
FSO	Foreign Service Officer
FSP	Foreign Service Posts
GAA	General Appropriations Act
GDP	Gross Domestic Product
HC	Honorary Consul
ICF	International Commitment Funds
KM	Knowledge Management
MEA	Middle East and Africa
MOOE	Maintenance and Operating Expenses

MRP	Machine-Readable Passport
MRRP	Machine Readable Ready Passport
NCA	Notice of Cash Allocation
NGAS	New Government Accounting System
PCG	Philippine Consulate General
PCOIP	Post-Conference Output Integration Plan
PDP	Philippine Development Plan
PE	Philippine Embassies
PIDS	Philippine Institute for Development Studies
PM	Philippine Missions
POLO	Philippine Overseas Labor Office
PS	Personnel Services
TWG	Technical Working Group
RBM	Results-Based Management
RCO	Regional Consular Office
OCA	Office of Consular Affairs
OCTA	One Country Team Approach
OFs	Overseas Filipinos
OFM	Office of Fiscal Management
OFWs	Overseas Filipino Workers
OPAS	Office of Personnel and Administrative Services
OSEC	Office of the Secretary
OUMWA	Office of the Undersecretary for Migrant Workers Assistance
OUIER	Office of the Undersecretary for International Economic Relations
OUA	Office of the Undersecretary for Administration
OWWA	Overseas Workers Welfare Authority
UNIO	Office of the United Nations and International Organizations
WTO	World Trade Organization
ZBB	Zero-Based Budgeting



## Executive Summary

**Zero-based budgeting** is an approach to preparing cash flow budgets and operating plans wherein every line item of the budget must be approved, rather than only the incremental changes from the previous budget. It requires the analysis of every function within an organization for its needs and costs and each activity is justified on the basis of cost-benefit analysis. ZBB builds the case for expenditures that presumes no baseline exists and thus the case for *not* merely increasing previous year's budget for the continuation of current activities. Hence, ZBB reduces the "entitlement" consciousness and the related notion of "fair share" in whatever current consensus, and changes the need for extensive data gathering in budget preparation not directed towards efficiency or effectiveness evaluation.

With this in mind, the study examined ways to optimize the utilization of scarce resources available to the Government of the Republic of the Philippines in the conduct of its foreign relations especially as they relate to the: operations of existing foreign service posts (FSPs); creation of foreign services posts; and management and utilization of the International Commitment Funds (ICF). Moreover, the study reviewed the process flows of all transactions of Foreign Service Posts, internal control, monitoring, and non-compliance to fiscal reports requirements and accountability.

The study revealed several general findings one of which is that DFA appears to be an organization that is data rich, information poor. The zero-based budgeting exercise required the collection of data from various operational units that would facilitate the calculation of both benefits and costs. The study was in fact hampered by the need to source data from different places, organize them, before analysis can commence. Furthermore, time-series analysis could not be done effectively as data is not collected consistently.

Second, there was a lack of consistent identification and quantification of benefits that are added by the Department of Foreign Affairs (DFA) in the diplomacy value chain that includes other agencies of government, both at home and in foreign posts despite a nascent attempt by UNIO for the ICF. Third, the dearth of identification and quantification of costs and benefits of Foreign Posts and ICF may be attributed to a severe mal-allocation of human resources at the DFA, where career diplomats have been tasked with administrative responsibilities not appropriate to their educational backgrounds and professional experience. Mal-allocation of human resources was also evident between FSPs and home offices as well as among geographic location of FSPs.

Finally, identification and quantification of costs and benefits for DFA may have been seriously hampered by weak execution of financial and administrative procedures and systems, which could have easily tracked the flow of resources as well as communication.

Given this back, the study proposed two *general* recommendations — the creation of a Knowledge Management system for DFA in general and the FSPs in particular; and intensive capacity building for Carmins and AEPs on leadership and management, project management, and other related areas.

A Knowledge Management (KM) system obviates the need for the permanent posting of DFA personnel in the Home Office. For instance, Ambassadors can create KM teams abroad to serve as the external environment scanners for the country, as well as process Philippine databases for effective deployment in programs and projects in the three pillars of foreign policy.

Training programs on leadership and management, project management, and other related areas including ZBB, BCA and CEA, should be continuously executed by the Foreign Service Institute along the mission statements of the DFA for personnel that are able to meet the rigorous demands of the new century. This should enable Carmins and AEPs, and even young FSOs, to apply private sector standards to their work environment to the maximum extent possible.

In *particular*, this research study revealed several other issues for optimizing the scarce budgetary resources of the country such as:

- Operationalizing the One Country Team Approach (OCTA) not only in the Foreign Posts but equally among national agencies in the Philippines;
- Establishing a common understanding of benefit-cost analysis and cost effectiveness analysis among key people in the Department, particularly those responsible for preparing proposals;
- Rationalizing and harmonizing the allocation of human resources assigned/hired at various FSPs as well as at the Home Office;
- Rationalizing procedures concerning the retention of proceeds from consular services and extensively applying technology or outsourcing strategy to track physicals and cash;
- Centralize all the accounting and monitoring of FSP funds at the OFM to eliminate time lags and attendant opportunity costs, which are also further affected by foreign exchange translation changes.
- Immediate write-offs of accounts more than ten years old from agencies that have not reconciled their financial liabilities with the DFA on the advances paid for space rental, share in utilities, etc, but continue the investigation and collection efforts;
- Allow for intangibles critical to the political, economic and socio-cultural security of the country (via listening posts or networks of Overseas Filipinos (OFs) and Overseas Filipino Workers (OFWs)) and also for potential benefits that may arise from well-designed programs targeting specific markets or issues; and
- Revising the role of the DFA with regards to the ICF so that it can add value along the whole supply chain of project conceptualization to the execution of programs arising from memberships in IOs and participation and hosting of international meetings.

## SECTION I: INTRODUCTION

In line with President Benigno Simeon Aquino III's policy pronouncement on zero based budgeting (ZBB), this Report targets two objectives for the evaluation by the Department of Budget and Management (DBM):

1. To suggest ways to optimize the utilization of scarce resources available to the Government of the Republic of the Philippines in the conduct of its foreign relations especially as they relate to the:
  - 1.1. Operation of existing foreign service posts (FSPs),
  - 1.2. Creation of foreign services posts, and
  - 1.3. Management and utilization of the International Commitment Funds (ICF).
2. To review process flows of all transactions of foreign service posts, internal control, monitoring, and non-compliance to fiscal reports requirements and accountability.

ZBB builds the case for expenditures that presumes no baseline exists and thus the case for *not* merely increasing previous year's budget for the continuation of current activities. Hence ZBB reduces the "entitlement" consciousness and the related notion of "fair share" in whatever current consensus, and changes the need for extensive data gathering in budget preparation not directed towards efficiency or effectiveness evaluation.

### 1.1 ZBB Approaches: Benefits-Cost Analysis vs. Cost-Effectiveness Analysis

Indeed, better and more information are gathered for a ZBB approach to estimate benefits rather than look at costs alone (BCA or benefits-costs analysis framework), thereby improving the quality of management decision-making processes and results; the alternative of a cost effectiveness analysis (CEA) is appropriate where benefits are not easily quantifiable, or where projects are viewed as desirable regardless of the levels of benefits.

However, it is the *identification of benefits* deriving from services of the Department of Foreign Affairs or DFA (using the BCA framework) that is more important for jumpstarting the process of self-examination for improving efficiency and effectiveness; at the minimum, this will serve as basis for the next step of *quantification of benefits* thru the creation of databases that will facilitate such goals, and later the conduct of surveys of clients and other stakeholders (as currently done by the Office of Consular Service). Indeed, BCA engages the participation of lower-level managers who will produce the data for the budgetary process and involve them in decisions.<sup>1</sup>

This is underlying reason for the **first objective** of this study. Similar to resetting a clock, programs are re-evaluated from ground zero to justify their existence, thus imposing fiscal discipline on the organization, e.g., US Department of Agriculture in the 1960's, the government of

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<sup>1</sup> For an introduction to Benefit-Cost Analysis vs. Cost Effectiveness Analysis, see any basic textbook in public finance, e.g., Jonathan Gruber, *Public Finance and Public Policy*, 3<sup>rd</sup> ed., NY: Worth Publishers, 2011, pp. 205-223; or Harvey S. Rosen, *Public Finance*, 5<sup>th</sup> ed., Singapore: McGraw-Hill Book Co., 1999, pp. 223-254.

the state of Georgia under then Governor Jimmy Carter in the 1970s, and Texas Instrument Inc. budget of its Staff and Research Division in 1970s.<sup>2</sup>

## **1.2 DFA-wide vs. Specific Activities for ZBB**

ZBB relative to incremental budgeting is expensive and time-consuming to perform on an entire organization. In fact, this Report does not consider the entire Department of Foreign Affairs as the issue here for ground zero evaluation. However, its integration with the Department of Trade and Industry had been broached in previous Philippine administrations in line with other country models, e.g., Australia, Canada, Ireland, Korea, and New Zealand where there are Department of Foreign Affairs and Trade (DFAT); this policy seems to have been proposed purely at the conceptual level rather than pushed into the next stages of practical design and implementation and hence was never seriously elevated to discussion in policy circles.

This DFA ZBB Report is therefore concerned with the review of particular decision units (Office of the Secretary, various offices of undersecretaries, FSPs and UNIO) and specific managers clearly responsible for program operations and with definable and measurable objectives and impacts. Instead of impact assessment which measure effectiveness, requiring a more difficult DFA customer survey-oriented approach, the efficiency in resource use is made the basis of this study in line with the national goal of fiscal discipline.

The DBM has identified three problem areas mixing the traditional and contemporary tasks of the DFA where the decision units are: (1) the Office of the Secretary (OSEC) itself for the closing or opening of foreign service posts; (2) the Offices of the Undersecretaries for migrant workers assistance (OUMWA), international economic relations (OUIER) and Administration (OUA), under which are the Office of Fiscal Management (OFM) and the Office of Personnel and Administrative Services (OPAS) as well as the Foreign Service Posts (FSPs) and attached agencies of various departments like those involved in national defense, trade and investment, tourism, agriculture, social welfare, etc. for the review of fiscal procedures; and (3) the Office of the United Nations and International Organizations (UNIO) and an inter-agency committee for the review of the International Commitment Fund.

## **1.3 Outline of the Report**

The rest of this Report addresses the above objectives by first clarifying the conceptual and empirical data concerns for a BCA or CEA approach. These concerns result to case studies, originally suggested by PIDS, that demonstrate the difficulties of benefits and cost recognition and quantification which the DFA must necessarily surmount to improve its own reporting systems. Most DFA and FSP reports reviewed for this study can be immediately improved for future ZBB reviews by focusing on the assessment of outputs and outcomes of foreign policy making and delivery of frontline services, rather than mere enumeration of activities that fails to show clarity of management thinking, a skill not taught in traditional Foreign Service courses.<sup>3</sup>

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<sup>2</sup> For the many examples of various efforts in applying zero based budgeting, see various articles in Wikipedia,

<sup>3</sup> This deficiency is being addressed by the current Secretary of Foreign Affairs, Alberto del Rosario, by requiring all ambassadors and chiefs of missions to take courses at the Asian Institute of Management,

Thereafter, the Foreign Service Posts operations and transactions process flows are analyzed, again with whatever available data that could be assembled for the study, including those from several focus group discussions held at the DBM and DFA.

The International Commitment Funds are separately examined to demonstrate once again how various agencies under the leadership of UNIO, DFA assess benefits of membership in international organizations or of attending/hosting conferences.

The final section integrates the findings and makes several recommendations to optimize the utilization of scarce budget resources in the specific areas for this ZBB study, in the context of some overall observations on how the entire DFA budget has grown over the years as its international political, economic and overseas Filipino portfolio of activities have changed.

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reminiscent of the economic diplomacy courses, funded by the United Nations Development Programme given by the same Institute in 1989-90 under the term of Secretary Raul S. Manglapus during the term of Pres. Corazon C. Aquino.

## SECTION II: UNDERSTANDING BENEFITS VS. COSTS IN ZBB FOR DFA

### 2.1 General Mandate: Quantifiability of Outputs

The DFA's general mandate is to advise and assist the President in planning, organizing, coordinating, integrating and evaluating the total national effort in the field of foreign relations in pursuit of its constitutional mandate to advance the interests of the Philippines and the Filipino people in the world community.<sup>4</sup> The three pillars of foreign policy today consist of the preservation and enhancement of national security, the promotion and attainment of economic security, and the protection of the rights and promotion of the welfare and interest of Filipinos overseas.

Basically, the elements of the DFA Vision/Mission and how DFA assesses itself can be seen from the 12 points in its Mission/Vision statement which are regrouped into inputs- processes- outputs- outcomes here (See Table2.1).

**Table 2.1 DFA Mission Vision Statement in an Inputs-to-Outcomes Framework**

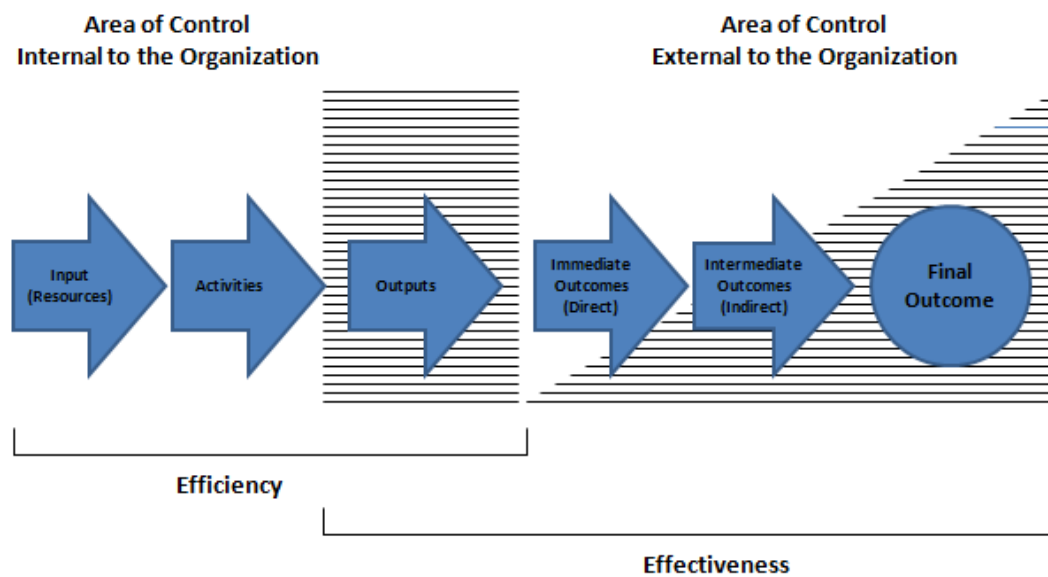
INPUTS	PROCESSES	OUTPUTS	OUTCOMES
Competent, dedicated and highly motivated personnel		<b>Foreign Policies in three pillars</b>	Benefit of the Filipino people
Highest standards of professionalism and commitment	Implement foreign policy		
	Pursue bilateral, regional and multilateral relations	Advance the interest of the Philippines and the Filipinos	
National security and development agencies, think-tanks and the academe, the private sector, the media and civil society	Build partnerships		
	Promote regional and global cooperation		To achieve peace, prosperity and stability
	Work for social justice especially for the poor, human rights and fundamental freedoms, and a democratic way of life		
	Secure a world free from serious environmental degradation, transnational crime and proliferation of nuclear weapons		
Partners of Filipinos overseas		Pursuit of the national interest	Promotion and protection of their rights and well-being
	Highly responsive system, which ensures effective delivery of services	<b>Passports, Visas, Other Documents ; Assistance to nationals</b>	
Personnel	Personal, professional and career development of each employee		
Principles of excellence, integrity and patriotism			

<sup>4</sup> Commonwealth Act No. 732 (July 3, 1946) created the present Department of Foreign Affairs, subsequently redefined and amended by RA 708 (June 5, 1952) and RA 7157 (September 19, 1991).

This regrouping shows the absence of outputs other than the vague “foreign policy” term. This suggests that the outputs or “DFA goods and services” are operationally untranslatable for assessing both its efficiency (and the conversion of inputs to outputs), and effectiveness (or translating outputs into outcomes). Hence it is inherently difficult to extract information for this ZBB study from what are yet uncollected time-series or cross-sectional databases representing DFA “foreign policy” outputs. Conceptualizing the benefits of DFA services as noted above is thus basically not addressed even in the *presumed outputs* ( foreign policies that serve national interests, value added in international economic and development relations, nationals assisted abroad) resulting from the input and process indicators.

Therefore, to further refine Table 2.1, the Results-Based Management (RBM) framework is used to illustrate how benefits (outcomes) are derived from the various activities undertaken and the costs incurred by these activities (Figure 2.1). The understanding of this connection is vital to an understanding of zero-based budgeting.

**Figure 2.1 Results-Based Management Model**



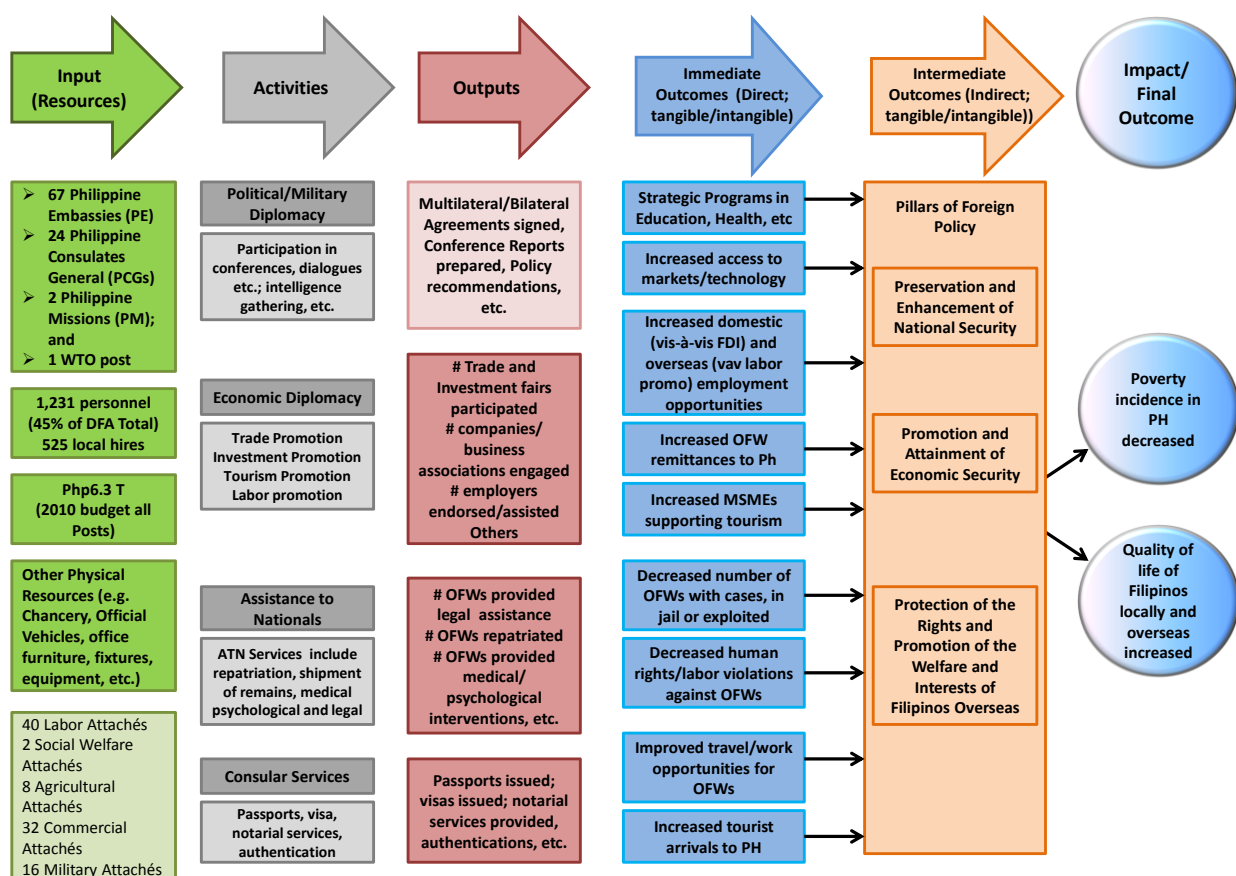
Source: [Lontoc \(2006\)](#) in *Managing for Results, Managers of Results*

The RBM framework is conceptually divided into two parts. The first part (i.e. Input – Process – Output) establishes the Posts’ efficiency, which is where BCA can be applied if data were available as noted earlier. This part is internal to the organization (DFA) and therefore is within its ambit of control. The second part links the Posts’ outputs to the outcomes or the higher order benefits, which is where CEA can be applied, again if data were available. It establishes the Posts’

effectiveness in the attainment of its mandate. Because outcomes are influenced by factors external to the organization, its attainment is not solely within the control of DFA.

The framework is applied in understanding the operations of the FSPs or understanding how the Posts' operations are linked to the benefits enjoyed by the Filipino people (Figure 2.2). As indicated in the Philippine Development Plan (PDP) 2011 – 2016, the impact of all government interventions should be Competitiveness with Inclusive Growth. As an example, this is manifested in the reduction of poverty incidence in the Philippines and the improvement of the quality of life of Filipinos not only in the country but also overseas.

**Figure 2.2 Work Flow Process for Foreign Service Posts**



Source: Various DFA Documents

This brings up the question: *how do the Foreign Service Posts contribute to the overall goals of the Philippines?* The answer lies in being able to establish the link of the FSPs inputs and activities to its outputs, immediate outcomes as well as the intermediate outcomes. The three Intermediate Outcomes are also the three pillars of foreign policy cited earlier.

Through the years, the *tangible* outputs of DFA services have become more prominent as Filipino nationals became more widely present in many countries not only with regards to the third



pillar of foreign policy but in relation to the need to service consular matters in burgeoning overseas communities (passport-related activities, civil registry authentication, etc.) over and above the traditional ties with economic partners (trade, investment, tourism, donor assistance). Unfortunately, counting the Filipinos within jurisdictions of FSPs is a major problem as a boxed story in Section III here shows for the Philippine Embassy in Kuala Lumpur which has to estimate the Sabah inflow and outflow of Filipino citizens along the porous border of what was once Philippine territory, North Borneo.

## **2.2 The Focus on Costs**

The initial impetus for DBM's DFA ZBB concerns the costs side of the budget, especially the more efficient sourcing and utilization of government financial resources, as in the **second objective** of this study. This cost focus emanates from the fact that DFA's budget is funded eventually from taxpayers' money (indeed, debts are shouldered by future taxpayers). Taxpayers are major stakeholders in good governance and must be concerned with the efficient allocation of resources as it is impacted by process flows and procedures especially with regards to financial transactions.

### Costs net of revenues collected

However, there are costs associated with activities where fees are collected for direct benefits-related activities produced by public entities, e.g., passport, visa, and other consular fees for related services provided by the DFA. The ZBB analysis for fees can be more simply reduced to market studies, e.g., availability of substitute providers for services currently rendered (competing in terms of prices, quality, and delivery time). The question here is if it is cheaper to outsource than to produce the services at the DFA or its FSPs, but at what additional costs, e.g., including intangible costs related to security of passports and consular documents. The use of honorary consuls seems to be a form of outsourcing after all which has addressed the same intangible concerns via considerable vetting and provision of checks and balances, empirical issues that have to be qualified on a case to case basis across posts. (See section III for lengthier discussion of both passporting and honorary consuls.)

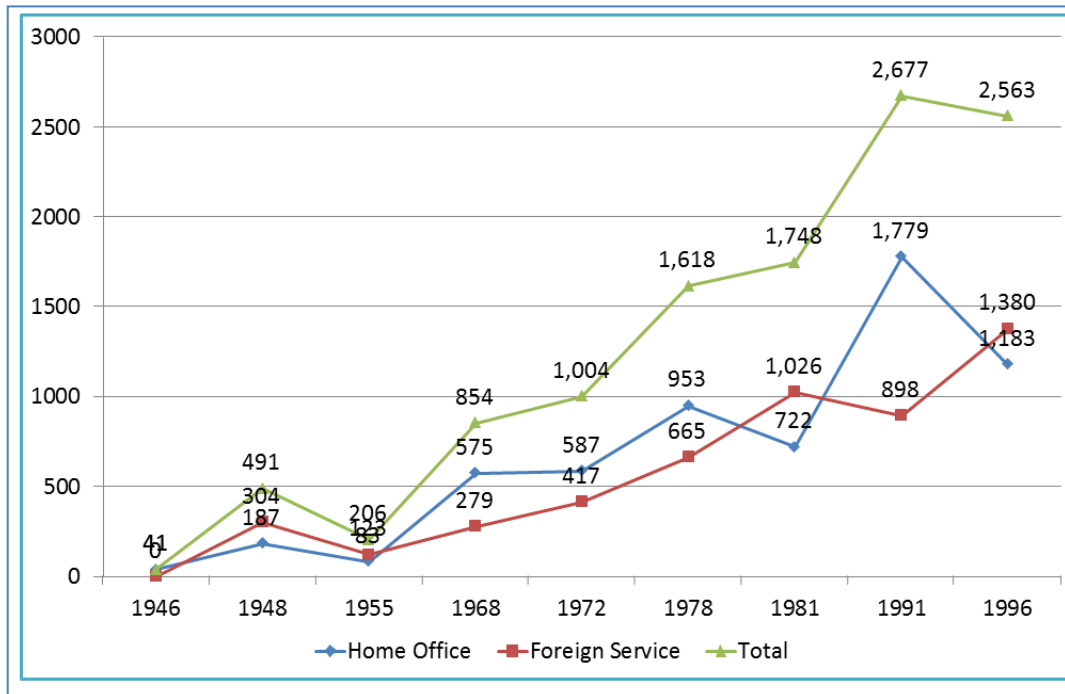
### Personnel costs: mismatched competencies

The personnel complement of DFA grew by 30% from 2007 to 2012. It cannot be ascertained, however, if this was on account of the changes in the passporting and other Consular services as the number of OFs and OFWs increased. The only available data from 1946 through 1966 was collected by an officer on the home office versus foreign service assignment (see Chart 2.1); for this study, DFA could collect only data on plantilla positions from 2007-12 (see Chart 2.2). Noticeable is the personnel assignment abroad which does not evince any pattern versus home office human resources; this is a good research topic that bears on total DFA budgetary costs since overseas allowances and other foreign posting costs seem to be influenced by many factors, e.g., why did the 1991 dip in personnel assignment abroad happen? In contrast, domestic personnel seem to have fluctuated more as shown by the 1991 and 1996 data.

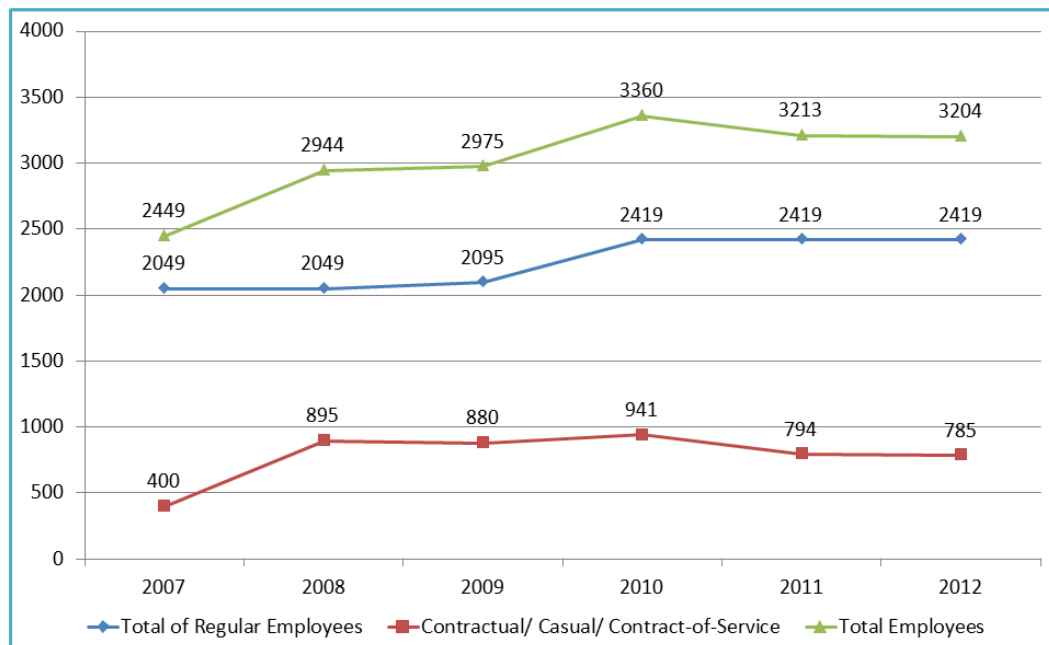
Of the offices under the Undersecretary for Administrative Affairs, 410 are in the Office of Consular affairs tasked with the procurement, servicing and handling of passports, among others. Significantly, of the 1,201 personnel of the home office, more than half of these are assigned under

the administrative division which provides support services to the entire DFA offices, namely personnel recruitment, training, salary administration, passport procurement and services, among others.

**Chart 2.1 Foreign Service vs. Home Office Personnel, 1946-1996, selected years**



**Chart 2.2 Summary of Plantilla Positions, 2007-2012**



Source: DFA, prepared by Marciano de Borja, Special Assistant, Office of the Undersecretary for Administration, 15 April 2012, using various internal documents of the DFA.

It cannot be ascertained if the competencies of the DFA personnel handling administrative affairs are in the areas mentioned. That there are good diplomats assigned to administrative, budgeting and accounting work is probably what is obtaining. This is likely the situation in FSPs, where some trained diplomats handle bookkeeping and cashing and accounting and reconciliation tasks.<sup>5</sup> Thus, observations or findings such as the following could be on account of mismatched competencies. The DBM notes from the reports of COA:

*“There were 94 existing FSPs as of December 31, 2009, including 4 FSPs that started operation during the year. Each foreign post is required to submit monthly fiscal reports consisting of various reports. Review of the monitoring of these reports submitted by the Foreign Service Accounting (FSA) disclosed that as of June 21, 2010, there were 302 unsubmitted fiscal reports”<sup>6</sup>; and*

*“The Philippines, being a member of the United Nations (UN) and other international organizations (IOs) is obliged to subscribe to general capital increases or pay annual contributions based on assigned shares of stocks or assessments of these organizations, respectively. And the hosting of international conferences by rotation chargeable against the International Commitments Fund (ICF) has been a major concern. Review of the transactions funded out of the ICF for FY 2010 disclosed procedural lapses in accounting and monitoring of the transfer, receipt, utilization and reporting of contributions to IOs. Analysis of funds as of December 31, 2010 showed undetermined discrepancies.”*

### **2.3 Benefits Valuation at the DFA**

The traditional DFA outputs tend to be more intangible, indirect and non-pecuniary (foreign policies), which are less the concern of accountants and financial analysts and more of economists; hence, a quantitative study is not as easy compared to where tangible, direct, and pecuniary data are immediately available, e.g. work areas amenable to output quantification (number of issuances of passports and visas, number of nationals assisted), especially in response to contemporary global market opportunities and threats (in both goods and services markets). The latter type of data (tangible, direct, pecuniary) could be further enhanced for effectiveness analysis relating outputs to outcomes.

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<sup>5</sup> Finance officers are expected to present analyses of accounts and reports not just to disburse, prepare accounting entries for disbursements, as in cashing. BCA could have been facilitated by FOs assuming FOs were to function as the Finance Officers of FSPs.

<sup>6</sup> What other tasks are FOs assigned to do at the Posts? Bulk of the accounting and processing work are simple but highly repetitive such as visas and passporting services. Even salary administration is not too complex. There could be need to look at the processes at the FSPs as these may be causing the delays, e.g. simple tasks or transactions could have been covered by possibly dispensable entries or attendant paper work.

Indeed, ZBB also calls attention to other ways of delivering the same services more cost-effectively (outsourcing activities for issuance of passports and visas, if honorary consuls are considered external to the system) and forcing managers to prioritize specific value-adding steps rather than executing programs all by themselves. This can release resources (people and money) for unfunded *priorities* as the times change.

Thus the more difficult area for the ZBB analysis is for tax-funded activities, including potential bond flotation for new DFA buildings or other infrastructure intended for *general services* related to diplomacy, e.g, the three thrusts in the vision/mission of the DFA (traditional political-security concerns, economic diplomacy, and assistance to nationals – to which are added, in other countries, public diplomacy and information dissemination, and strengthening of the human resources which the DFA’s Foreign Service Institute provides.)<sup>7</sup> These general services produce many benefits that are hard to identify or quantify by their very nature as non-market transactions influenced by sociological, political, and other non-economic forces. This sentiment is best summed up in another foreign policy setting thus:

*“America rightly honors its generals who protect the nation and win our wars. We should also recognize our great diplomats who outwit our enemies, open roads to the future, and win the peace”* (Former U.S. Secretary of State) Baker reminded Harvard students that diplomacy is a ‘national asset,’ needed now more than ever.<sup>8</sup>

These general services are executed by the Foreign Service Posts (FSPs), which together with membership engagements and conference hosting and participation under the International Commitment Funds (ICF), are the subjects of this present ZBB study. Indeed, for policy making areas in both FSPs and ICF, it is most difficult to identify and quantify the benefits side of the DFA work which may consist, e.g., of outwitting new and hitherto unforeseen enemies, opening roads to a vaguely defined ASEAN Economic Community, or winning the nontraditional peace defined by insurgents supported by overseas groups of all kinds. These benefits (outputs and outcomes) are what need to be documented more clearly for ZBB. Alternatively, as noted above, a cost effectiveness approach (CEA) can be adopted. This Report stresses the imperative of understanding the benefits of DFA services first by clearly *identifying* them to start the process of data gathering and analysis, and eventually *communicating* these to budget authorities and the larger community, in what has become both a policy-making and services-oriented institution serving many publics.

Some case examples of policy-related valuation problems can be illustrated in the three thrusts of the DFA today. These are not quite easily appreciated if one were to read Annual Reports of FSPs or even the DFA itself. In fact the performance indicators in the DFA’s Strategic Plan 2012-16 falls short of getting the general public to appreciate the value of its work, largely perceived to be *intangible*, when in fact it may be tangible but *indirect*. These are hardly ever presented in budget hearings the way ZBB’s would force them to be explained.

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<sup>7</sup> See Malaysia Foreign Ministry’s Strategic Plan 2009-15 for example.

<sup>8</sup> R. Nicholas Burns, “Masters of diplomacy,” The Global Edition of the New York Times, 14-15 April 2012, p. 7

### **2.3.1. Traditional political and security concerns: valuing intangibles, indirect and non-pecuniary benefits**

For political officers in the FSPs and officers of the Philippine Defense and Armed Forces Attaché (resident in several Philippine embassies) serving in the One Country Team Approach (OCTA), for example, *how does promotion of security and political cooperation translate to Philippine national welfare that will be appreciated by the public?* Unless imminent assault on territorial integrity of the country is the issue (e.g., Chinese in the Spratlys, West Philippine Sea), most citizens are likely to under-appreciate the diplomacy of confidence building among nations. Yet with more chaotic and complex times, it is such diplomatic efforts that will give the sense of security to a nation already reeling from relative economic malaise, and hence ripe for nurturing dissident groups and even terrorists, as the experience with Operation Bojinka suggests. (See Boxed caselet for the story on Operation Bojinka).

*Did the Philippine benefit from its recovered closer US ties after sharing with US authorities the plot to bomb US skyscrapers contained in Operation Bojinka?* The plan of crashing airplanes over the Pacific Ocean or on buildings in mainland USA were contained in diskettes found in a Manila apartment after local police uncovered an attempt to assassinate the Pope during his visit to the Philippines in 1995, around six years before the 9/11 bombing of the World Trade Center in New York City. That the US eventually gave the Philippines some funds to assist in its army modernization may have been in part sparked by this event but only the Embassy in Washington, D.C., can assess the details of such links.

In fact, for this Report, the Embassy provided data on 2002-2012 military security assistance – stating that this *increased substantially* after the September 2001 terrorist attack, averaging over US \$53 million per year, but of course dramatically lower compared to the US \$200 million per year - - funding about 80% of the Philippine defense budget prior to the US bases closure in 1992. That increase of course comes from the fact that with the bases closure, the US budgetary support to the Philippines defense system disappeared. That is, until Oplan Bojinka seemed to have convinced some policy pundits in Washington D.C. of the need to revive the ties with the Philippines; this is of course not publicly shared, if at all. An aspect of the work of posts abroad relates such valuable task of diplomacy to the overall national interest. Interestingly, the post- 9/11 assistance was converted to an “institutional approach to defense modernization... as the (assistance) advanced from Philippine Defense Reform (PDR) to Philippine Defense Transformation (PDT).”<sup>9</sup> Chart 2.3 shows post 9/11 military assistance and total US aid declining through the problematic Great Recession in 2008-09 occasioned by the US subprime crisis.

What everyone knows is that when the Philippine Senate rejected on 16 September 1991 a draft treaty of friendship, peace and cooperation extending the use of Subic Bay Naval Base by US forces for ten more years, at a time when the US had one year to complete its withdrawal of military bases from the country.

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<sup>9</sup> Memorandum of DFA Undersecretary Rafael E. Seguis to Dr. Federico M. Macaranas, Consultant, PIDS, dated 23 April 2012 containing a description of the scope and amounts of US Military Security Assistance to the Philippines. Unreported is the fact that the Philippines became chair of an Asia Pacific Economic Cooperation (APEC) working group on counter-terrorism sometime after 9/11, a major shift of the economic forum to a politico-security discussion place, indeed largely shaping the environment of doing business.

## BOX 1: THE VALUE OF SECURITY INFORMATION -- OPERATION BOJINKA

Is diplomacy to be valued like a cash award of \$700 plus free trip to Taipei given a Filipina lady police officer by the government for uncovering a terrorist plot that could have been the world's most devastating attack on the free and democratic way of life? Aida S. Fariscal, police watch commander in Malate one fateful day, persisted in investigating the men behind a chemical fire in Josefa Apartments in Quirino Avenue and uncovered the plot to assassinate Pope John Paul II in January 1995; it was designed to deflect attention from the planned bombing of 11 airlines across the Pacific, plotted by the same World Trade Center 9/11 terrorists six years later.

The lives lost would have been more than 4000 (compared to the 3000 + in the 9/11 World Trade Center bombings in 2000).<sup>10</sup> Is this the value of such police action, lives saved being a standard measure of many public interventions as in the health area. Of course this cannot be attributed to the DFA, if at all, but it is the essence of policy work to integrate such inputs into a foreign policy framework best reflected in the One Country Team Approach (OCTA). DFA calling attention of allies to the import of such information adds value to otherwise passive data that do not get pieced together for deeper analysis.

If such \$700 government recognition is made the basis of diplomacy's value, then the country misses what intangible goodwill its intelligence efforts produce; in fact, it is the failure to appreciate intangibles and *leveraging them* to produce tangible benefits that may be the Philippine society's problem. (Noteworthy is the fact that Murad tried to bribe Fariscal \$2000 not to continue the investigation when he was caught trying to retrieve pieces of evidence including a computer which contained diskettes detailing the cross-Pacific airline bombings. Fariscal refused.<sup>11</sup>)

A Philippine report to the United States on January 20, 1995 stated, "What the subject (Murad) has in mind is that he will be boarding an American commercial aircraft pretending to be an ordinary passenger. Then he will hijack the aircraft and dive it at the CIA headquarters." Years later, the CIA awarded Aida D. Fariscal, the 55-year old police officer a certificate for "personal outstanding efforts and cooperation" for unraveling Oplan Bojinka. Indeed, it was a little less than what the Philippine government could afford to reward Fariscal's intangible effort.

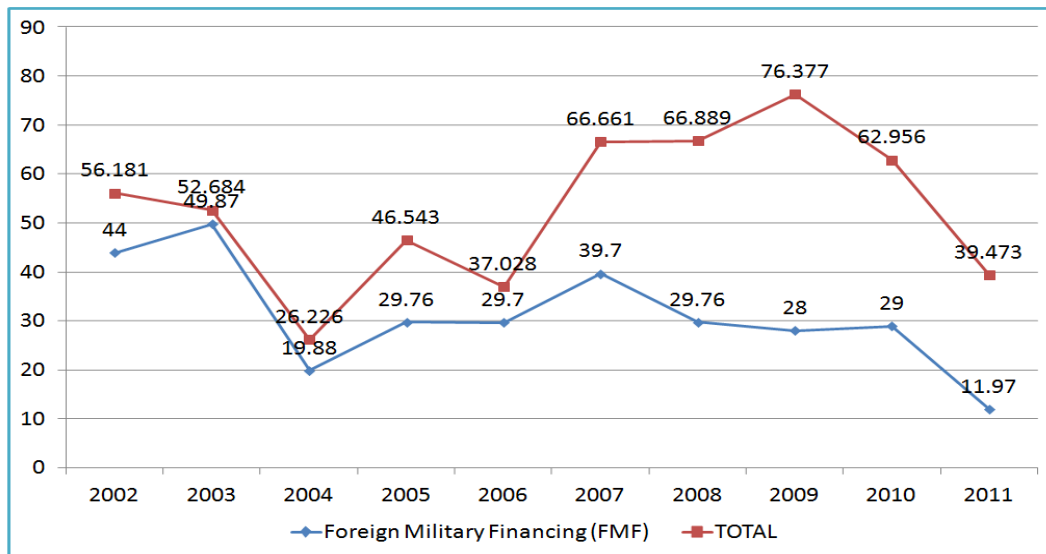
The value of Fariscal's effort multiplied several times with the 9/11 tragedy when planes directly hit the World Trade Center twin towers and the CIA headquarters in Langley, Virginia, and another failed in its attempt against the White House with the plane crashing in a field in Pennsylvania as passengers heroically fought the terrorists on board. Yet, it was this Filipina police officer's effort that may have thwarted the tragedy. The US government did not properly connect the dots provided to it by the Philippine government containing the details of Oplan Bojinka in April 1995, six years before the 9/11 tragedy. (Indeed the question here is what efforts the DFA or the OCTA added to the intelligence reports especially in convincing an ally of its importance.) A Department of Homeland Security was created by the US thereafter, and the hunt against Osama bin Laden escalated into a war against terrorism that engaged all the major countries of the world in a debate on how to approach the problem.

In his 1995 confession, Murad provided details of Oplan Bojinka to Philippine investigating officers and explained that the Manila terrorist cell failed to get enough supporters for its execution. Once again, this aspect of Philippine society maybe an intangible benefit for allies that is hard to quantify, although the question could be asked: how much would a partner in anti-terrorism be willing to pay to prevent the clandestine organization of terrorist cells that will eventually attack its territory? Only allies who know the budgets of intelligence agents deployed in partner countries will be able to quantify these, some surreptitiously included in assignments within Embassies, or agencies directly or indirectly paid for by their governments working with various personalities in many institutions.

<sup>10</sup> Wikipedia, Operation Bojinka. More details from Marites Danguilan Vitug and Glenda Gloria, Ateneo Center for Social Policy & Public Affairs & Institute for Popular Democracy, 2000

<sup>11</sup> Ibid

**Chart 2.3 U.S. Military Assistance to Philippines, 2002-2012 in US\$ million**



Source: Philippine Embassy, Washington, D.C

The US government turned over assets worth more than \$1.3 billion to the Philippines, inclusive of Clark Air Base and the ship repair facility in Subic within that period. However, the withdrawal of American military personnel numbering 17,000 at one point, had some economic impact in the surrounding areas of the bases, albeit the negative social problems spawned by them disappeared or at least diminished. A benefit-cost analysis of bases withdrawal is perfectly legitimate (the supporters of President Corazon Aquino had the numbers to show the net benefits, without factoring in the intangible costs of a relatively independent growth of a democratically<sup>12</sup>). Nevertheless, this is a clear example of a major foreign policy issue where the value-added of the DFA has to be carefully sifted, especially since the direction can come from the Office of the President itself for major issues such as the withdrawal of US bases.<sup>13</sup> In fact, Subic’s conversion into a Freeport was President Fidel V. Ramos’ answer to an independent country transforming “swords into ploughshares” amidst the global shift of Cold War players into economic growth advocates. Nevertheless, on account of some political exigencies, some units of DFA have to be reinvented if it they were to be closed down.

<sup>12</sup> Alfredo R. A. Bengzon, with Raul Rodrigo, *A Matter of Honor: The Story of the 1990-91 RP-US Bases Talks*, Pasig City: Anvil Publishing, 1997, discusses the major benefit of the bases as the economic value, yet the financial commitments were made solely on “best efforts” basis. For example, the 1990 shortfall under the Manglapus-Schultz Agreement of 1988 amounted to \$223 m, nearly half of the \$500 m promised (p. 43). The Military Bases Agreement, as an executive agreement, did not have the force of a treaty which is what Spain signed with the United States, definitely a question of diplomatic negotiating skills and national leveraging ability.

<sup>13</sup> This too is the reason why not all funds for foreign relations end up with the DFA. Indeed other executive agencies tasked with economic diplomacy functions are given foreign budgets to support the FSP “service attaches,” a term not particularly favored by some agencies.

“Listening posts” function as vital sources of information for safeguarding the security of a nation-state, be that political boundaries or territorial integrity, economic or socio-cultural (including religious) well-being of a country’s citizens (at home or abroad), arising from man-made or natural forces. In the Cold War era post World War II, the newly independent Republic of the Philippines continued the work of the equivalent Department of Foreign Affairs founded at the turn of the last century by the revolutionary government fighting colonial Spain, led by the first Foreign Secretary Apolinario Mabini. However, political security has given way to economic security, and eventually ecological security through the decades following independence.

That has not made traditional political security concerns any less important in the work of DFA and its FSP-attached service agencies abroad today. The country cannot be paralyzed, for example, by its own lack of budgetary resources in the face of threats as posed by contemporary China. Carlos P. Romulo, first Asian UN General Assembly president, famously remarked about little Davids slinging small pebbles of truth on Goliaths, even before the Association of Southeast Asian Nations (ASEAN) was framed to act as the buffer for whatever expansionist ambitions of larger countries in the region. In the context of budgets, therefore, “listening posts” deserve their place even in the absence of immediate economic benefits. As the boxed caselet suggests, DFA and its FSPs must be able to tell their stories to a wider audience beyond diplomatic and intelligence circles, no matter how intangible, indirect or non-pecuniary their efforts are perceived to be early on in the engagement of allies in common concerns.

### **2.3.2. Economic diplomacy: mix of benefit valuation issues along the value chain**

The benefits delivered by DFA are hard to identify even in economic diplomacy because they form part of the early stages of an entire chain of the value creation in promoting trade, investment, tourism, and development partnership. Policy-making is one such area. From listening posts and other sources of evidence, the least of which seems to be academic-based networks (according to most students in the AIM courses for career ministers and ambassadors), DFA collects information that are processed with the other line agencies and then moves on to participate or even chair appropriate committees relevant to the issues.

However, as noted above, the DFA also produces services for passports and other documents. Hence the approach reduces to a choice between Benefit-Cost Analysis (BCA) vs. Cost Effectiveness Analysis (CEA), both of which are very dependent on data most of which have not been collected and aggregated in a consistent manner through the years for comparative purposes, definitely a matter that deserves serious attention by both DFA and DBM. There is a need for both a Chief Information Officer to be responsible for the entire process of knowledge management within the DFA and a supporting statistical team to make prepare coherent information systems that could be the basis for good policy making and execution.

Where the DFA end-products are tangible and solely provided by the DFA (passports and consular services), BCA can be appropriately conducted where data are consistently and universally collected.

Where the end-products are tangible and easier to quantify (volume and value of trade, investments, tourism, official development assistance), the benefits to the country tend to be



claimed fully as the result of efforts of other agencies (DTI, DOT, NEDA), not all of which have attaches in posts abroad if at all. CEA is appropriate.

Where the end-products are intangible and harder to quantify (improved international relations resulting to regional or global peace and security, political and business intelligence provided by “listening posts”, improved welfare of nationals working abroad), the benefits to the Philippines tend to be mostly associated with or fully claimed also by other agencies (e.g. DND, DOLE, DSWD, CFO), again, not all of which have attaches in posts abroad if at all. A combined framework of BCA (estimation of intangibles) and CEA (surrogate measures of output in terms of outcomes) is appropriate.

The caselet produced for this Report on economic diplomacy by the Philippine Embassy in Beijing in the light of the Manila hostage crisis in August 2010 reveals the interrelated aspects of tourism with trade and investment promotion; it is the same scenario unfolding in the Panatag shoal problem between the Philippines and PROC in April-May 2012. (See Annex B, The Manila Hostage Crisis and Diplomacy).

Clearly, as head of the One Country Team, the DFA and its FSPs ability to identify the inter-related impacts of one crisis situation on other objectives of diplomacy must go beyond qualitative statements. There is need to quantify the fall-out on trade, investment, remittance flows, and other statistical indicators even if the trigger is a tourism-related crisis. Data have to be collected consistently through time and across sectors to be able to extract meaningful assessment of potential impact on the Philippine economy and society. This is especially important where significant changes are wrought on particular industries or regions of the country, e.g., bananas in the current Philippines-PROC diplomatic row. The One Country Team must obviously be redirected and reinvigorated in addressing crisis situations, triggered by analysis from FSPs.

### **2.3.3. Assistance to nationals (ATN) : clarifying the factors influencing the demand and supply ; public goods vs. private goods**

ZBB requires an *economic* interpretation of the accounting and financial benefits and costs data, since the allocation of scarce resources is made in the context of alternative uses of government funds, exploiting opportunities that may better serve the foreign relations and global interests of the Philippines. In the case of assistance to nationals, this is best illustrated by examining the factors affecting the demand for and supplies of DFA’s ATN services, together with those of attached agencies.

Such opportunity costs must also be technically enriched by an examination, e.g. by the Philippine Institute for Development Studies (PIDS), of consumer surpluses, deadweight losses arising from monopoly provision of services by the DFA, etc. The public goods vs. private goods nature of DFA services must also be explained for a deeper appreciation of its benefits to the country, economy, society, and polity.

Consular officers in FSPs provide services that can be further classified into types of transactions for which different fees are charged: new passports; renewal of old passports; replacement of spoiled, mutilated, or lost passports; passport amendment; or issuance of travel

documents. Visa authentication is separate from visa issuances. Civil registration comprises of reports of birth, marriage; documentation on marriage licenses and contracts.<sup>14</sup>

Labor attaches, or POLOs engage in employment facilitation, on-site verification of employment contracts and other documents; on-site issuance of overseas employment certificates, and escrow clearance certification; provide social protection and welfare services for OFWs; and engage in policy advocacy.<sup>15</sup> How the FSP manages the POLO workflow will be detailed in the next section of this Report; note that in the deployment of Filipino nurses in Spain, the market identification in the Basque Country was reported by the DFA to be a task that the Philippine Embassy in Madrid took upon itself – and POLO engagement came only after meetings were already conducted with Basque groups and the Honorary Consul (See Figure in Box 3 in Section III.)

The *demand* for DFA ATN services by an OFW or OF (overseas Filipino, usually a migrant or dependent of an OFW residing abroad) is affected by many variables: how they view ATN --as private or public good, their incomes or wealth which determines their ability to financially pursue a case, the prices of substitutes or complements offered by alternative ATN providers, their tastes and preferences (for relatives, civil society, or private pro bono or for-fee lawyers to solve their problems), and other behavioral economic variables – psychological, sociological, political, etc.

The *supply* of DFA ATN services is determined by the costs of factors of production – office space, trained/untrained DFA and attached agencies personnel, information gathering [a function of gravity of offense], publicity and public relations; the technology or process of problem discovery thru resolution of the problem; and other variables shaping the willingness of DFA to provide ATN services at certain “prices”.

The prices in the above supply and demand framework for ZBB analysis refer respectively to their willingness to accept payments (or be budgeted for) on the side of DFA and FSPs, or pay out of pocket costs (borne by the OFWs). Both have opportunity costs which are the appropriate economic interpretation for ZBB analysis.

This supply and demand framework can guide the discussion on the closing and opening of new posts, or alternatively the streamlining or upscaling of FSPs in an accordion fashion. This latter approach accommodates alternative service providers like honorary consuls or others deputized for particular work areas to generate what maybe critical tangible and intangible benefits for the Philippines. The data for such an exercise, which PIDS may conduct later, have to be carefully identified and quantified for each particular type of ATN case, especially for the potential of employing local hires rather than deploying personnel from the home office whose allowances may not be cost-effectively justified.

#### **2.4 DFA budget growth vs. some indicators on the three pillars: reallocating resources**

Why such an exercise may prove to be a high pay-off research is suggested by some data that show DFA budgets (both nominal and GDP deflator adjusted) , through the years , have moved

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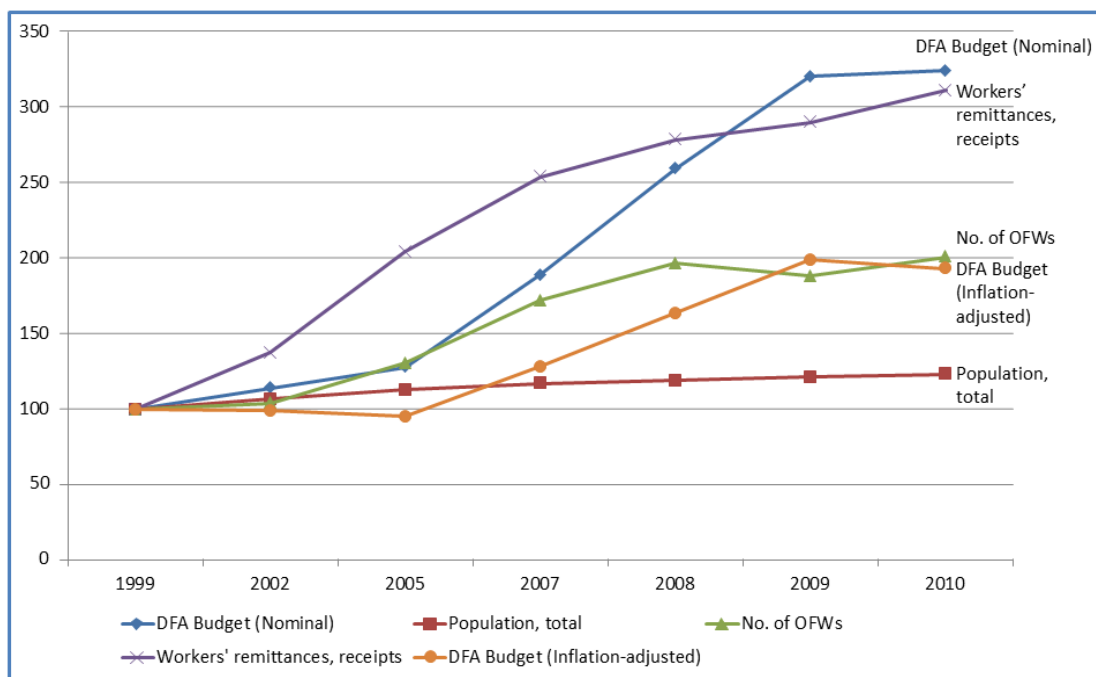
<sup>14</sup> Philippine Embassy in Tokyo Report for 2010

<sup>15</sup> Ibid.

and are well correlated with the number of OFWs and OFs abroad, and their remittances (Chart 2.4).

Likewise, Chart 2.5 – 2.7 suggest that the DFA budget has grown in sync with some global economic and political indicators.<sup>16</sup> Similarly, the ZBB research team found some preliminary results of early regression analysis supporting such conclusion (not reported here since further analysis is constrained by the lack of time series budget data of DFA) and high pair-wise correlation of DFA budget, total OFWs, total remittances and tourist arrivals (a large proportion of which are *balikbayans* until recently).

**Chart 2.4 Comparison of DFA Budget with Total Population, No. of OFWs and Workers’ remittances**

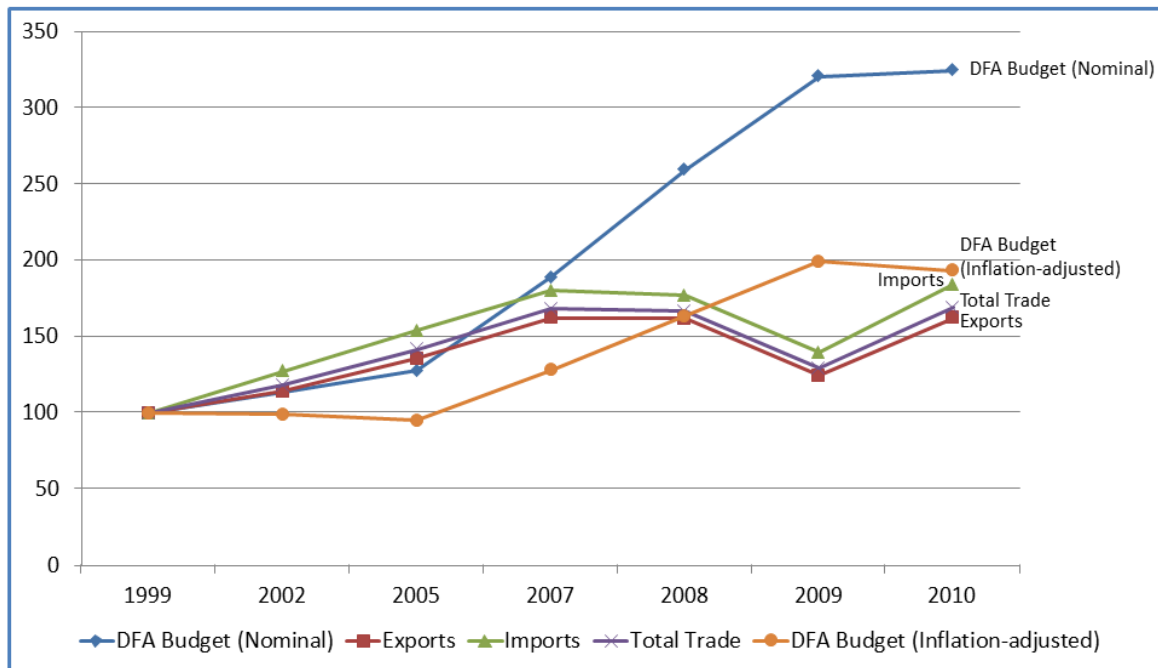


To the extent that ATN cases and budgets move together, a re-examination of it in ZBB fashion should be pursued in greater depth when data have been properly collected. A more efficient and effective DFA will have to reallocate resources to improve both assistance to nationals and policy formulation to get the country out of its relatively poor performance in a very dynamic region that is going to be the major center of global economic activity. That the use of personnel from other agencies attached to the FSPs and local hires will ease the burden to the DFA in the third pillar of foreign relations is not the sole question – more important is the DFA’s leadership role in harnessing such resources for net beneficial or cost-effective delivery of services of all public agencies doing their work abroad.

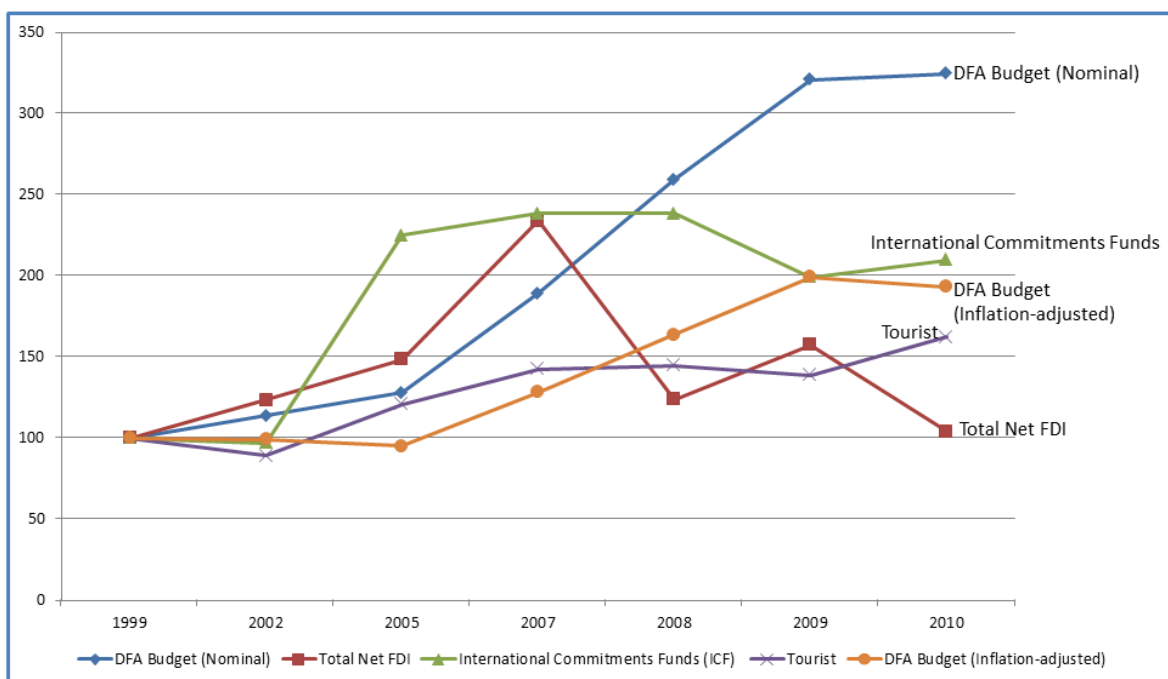
<sup>16</sup> Annex E describes the indicators. Note that the political indicators here represent global political stability and absence of violence/terrorism (suggesting increased need for diplomatic presence when these indicators change), and global regulatory quality (the ability of governments to promote sound private sector development) which similarly require changes in diplomatic presence as the indicators move – both to protect Philippine interests.

The human resource reallocation concern is supported by DFA budget data for select years (1999, 2002, 2005-2012) for the geographic desks in the Home office, the FSPs (Embassies, Consulates) broken down by regions, and United Nations Missions and ASEAN.

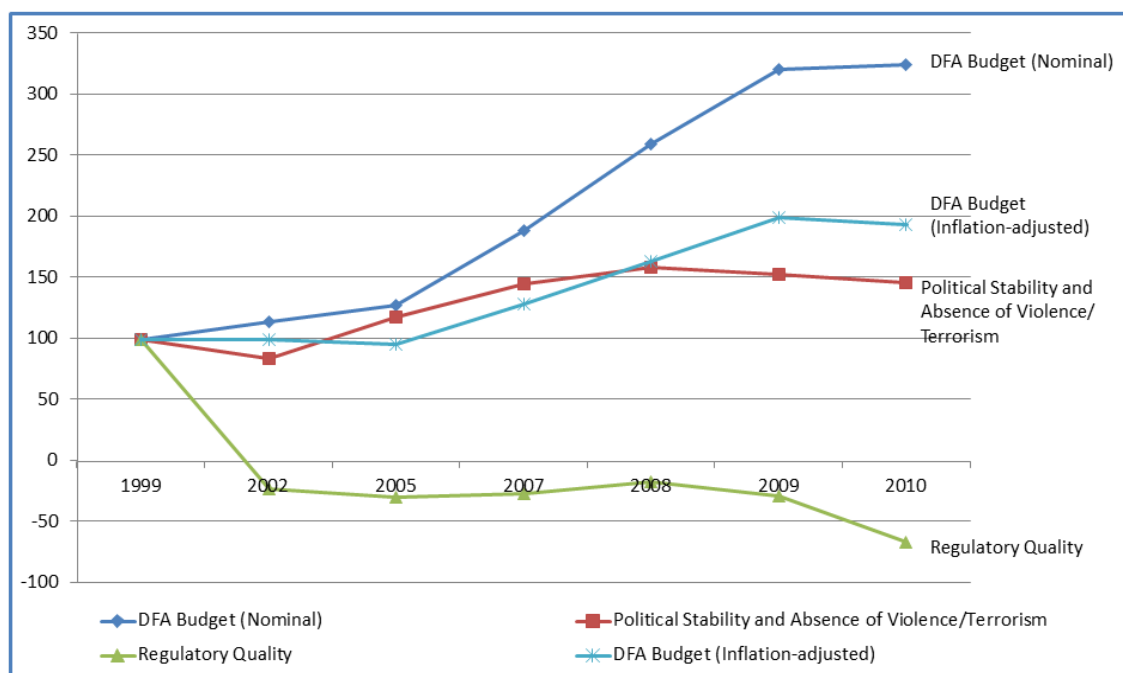
**Chart 2.5 Comparison of DFA Budget with Trade Data**



**Chart 2.6 Comparison of DFA Budget with Trade, Net FDI, International Commitments Funds and Number of Tourists**



**Chart 2.7 Comparison of DFA Budget with Political Stability and Absence of Violence/ Terrorism and Regulatory Quality**



**Table 2.2. DFA General Appropriations Act:  
Budget of Home Office Geographic Desks and FSPs (in thousand pesos)**

**Home Office Geographic Desks (Conduct of Studies and Formulation of Foreign Policies)**

	2012	2011	2010	2009	2008	2007	2005	2002	1999
Office of Asian and Pacific Affairs	31,072	29,720	26,264	25,887	20,574	18,007	14,973	13,574	13,411
Office of Middle East and African Affairs	15,389	14,813	13,682	12,393	10,265	7,230	8,197	6,982	6,783
Office of American Affairs	19,506	18,700	18,425	15,528	12,481	10,676	10,087	9,250	8,251
Office of European Affairs	23,015	22,694	21,594	17,315	14,937	11,180	11,454	9,920	8,716

**Embassies**

	2012	2011	2010	2009	2008	2007	2005	2002	1999
American	495,517	476,626	472,343	456,274	391,636	319,609	274,392	251,731	179,954
Asian and Pacific	1,322,456	1,347,180	1,284,631	1,180,176	1,091,225	868,644	767,976	698,592	498,357
European	1,563,709	1,516,599	1,592,641	1,478,607	1,417,201	953,274	805,922	731,183	506,281
Middle Eastern and African	1,199,254	1,161,785	1,143,808	1,128,502	970,195	745,611	663,024	620,250	439,079

**Consulates General**

	2012	2011	2010	2009	2008	2007	2005	2002	1999
American	751,285	726,492	721,671	690,524	612,230	488,529	376,520	390,540	275,104
Asian and Pacific	718,437	700,318	706,549	680,145	589,921	400,181	355,334	270,298	193,998
European	195,164	186,593	184,358	174,256	162,193	129,679	84,022	76,979	60,400
Middle Eastern and African	197,860	196,170	197,334	190,461	179,203	135,619	88,748	82,125	66,338

**United Nations Missions and ASEAN**

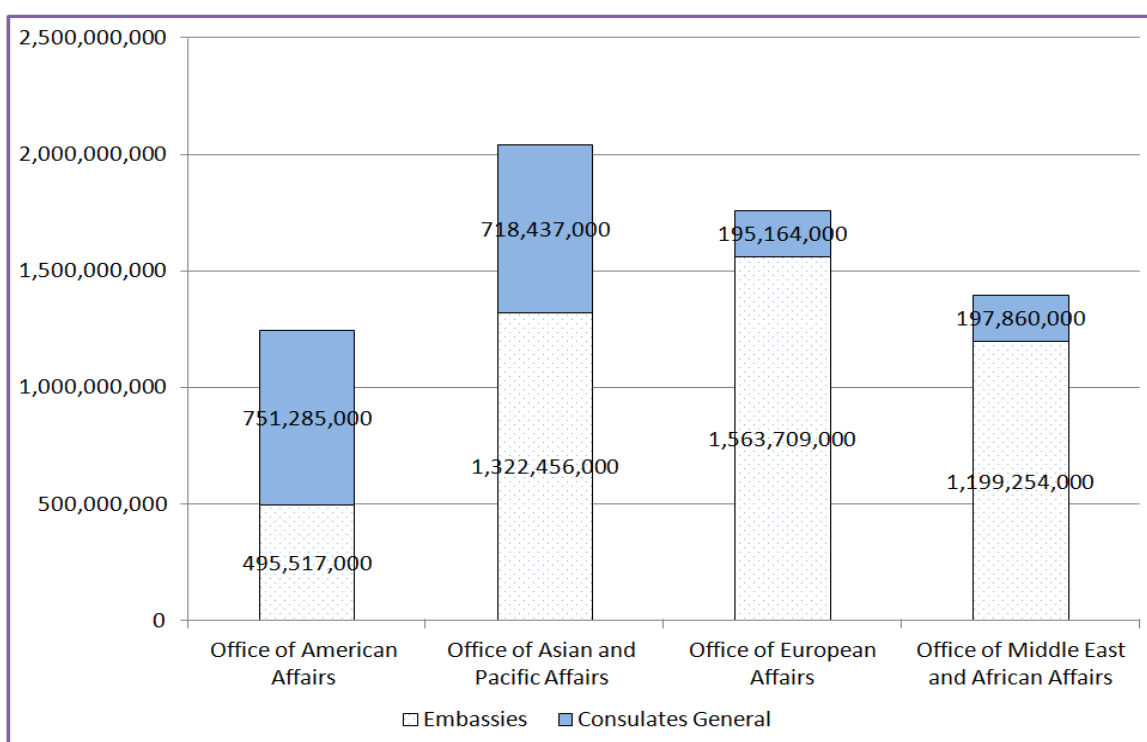
	2012	2011	2010	2009	2008	2007	2005	2002	1999
Geneva, Switzerland	104,617	104,636	103,220	97,082	85,763	69,163	57,015	53,752	47,368
New York City, New York, U.S.A.	120,554	116,914	115,034	112,751	105,333	84,270	70,325	64,891	59,382
Geneva, Switzerland - WTO	57,557	55,159	54,769	52,085	54,582	34,809	11,000		
ASEAN, Jakarta, Indonesia	58,217	57,215	58,046	67,005					

Source: DFA GAA

Table 2.2 shows that Philippine Embassies in Europe collectively account for more shares of the FSP budgets. Why is this case? Are costs of living relatively higher there? Is it a relatively attractive destination for DFA personnel to be assigned to? Do the distance and attendant higher travel costs for home consultations explain that?

Consulates in the Americas take the largest share versus their counterparts in the other regions, attributable perhaps to the need to service the large number of OFs in the US and also promote the economic relations with the country's erstwhile largest trading, investment, tourism, migration, and development partner. When Embassies and Consulates are combined per geographic region however, Asia-Pacific becomes the largest in budget allocation (Chart 2.8).

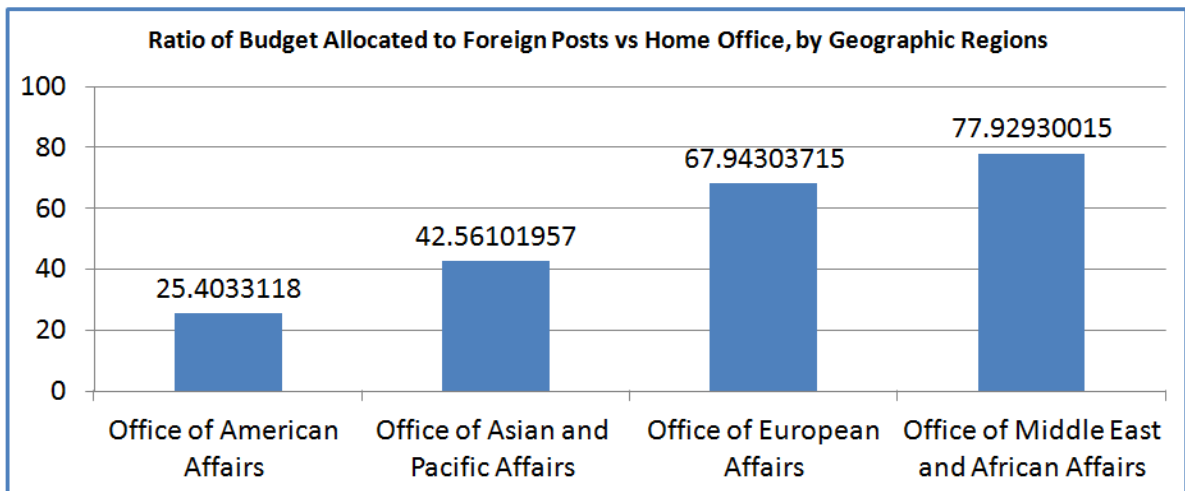
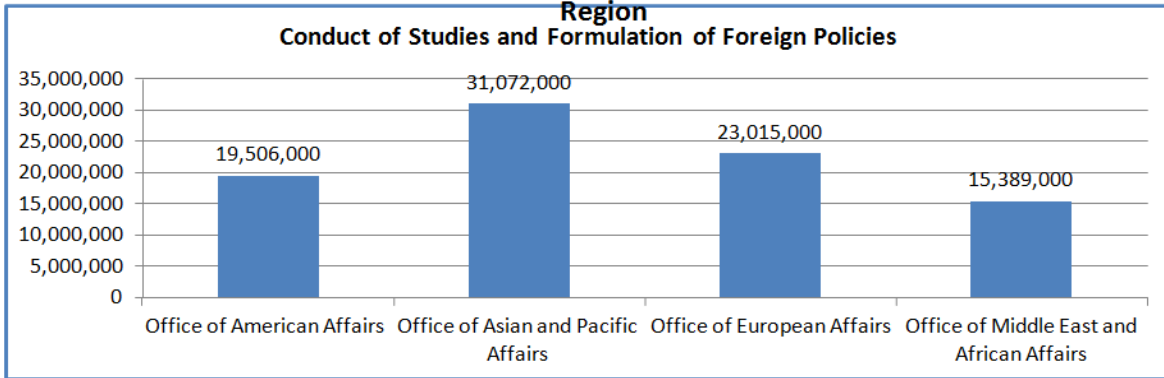
**Chart 2.8 Budget of Combined Embassies and Consulates by Geographic Regions, 2012**



Source: DFA, General Appropriations Act 2012

In the Home Office, the budget for the supporting policy work done by the geographic desks is highest for the Office of Asia and the Pacific, rather than for Europe or the Americas (Chart 2.9). As current developments in the new millennium force nation-states to rethink giving greater emphasis to regional relations, the Asia-Pacific geographic desk has to be given more budgetary support. Indeed, many pronouncements of the President of the Republic and the Secretary of Foreign Affairs attest to this rethinking.

**Chart 2.9 Comparison of Budgets : Home Office Geographic Desks vs FSPs by Region**



Source: DFA, General Appropriations Act 2012

## SECTION III: FOREIGN SERVICE POSTS

This section contains the analysis of operations and transaction process flows of the Foreign Service Posts (FSPs). It begins with a brief review of the mandate for the creation of the FSPs, its current organization within the DFA structure and its relationships with the other national government agencies with representatives or attachés in the Posts.

It then looks at the operations of the Posts by describing the work processes generally undertaken including work relationships with attachés from other government agencies.

The appreciation of how FSPs conduct their operations provides a foundation for a clearer understanding of the strengths and weaknesses of the FSPs' budgeting and accounting processes, which is the topic of the next part of the report. It includes a review of the Posts' transactions vis-à-vis the DFA Head Office, Regional Consular Offices (RCOs), Honorary Consuls and other units. Finally, an evaluation of the core revenue generating business of DFA, the passport business, is expected to lead to a more comprehensive financial review of DFA activities.

### 3.1. Mandate and Organizational Description

Section 12 of RA 7157 or the "Philippine Foreign Service Act of 1991" provides the primary criteria for the establishment or creation of FSPs as follows:

*Sec. 12. Establishment of Foreign Service Posts. The national interest and security shall be the paramount consideration in the establishment of embassies, missions, consulates general and other Foreign Service establishments maintained by the Department and the priority areas shall be in the countries where the following exist:*

- a) Extending diplomatic, financial, material, humanitarian support and other expressions of solidarity;*
- b) Favorable trade relations and investments currently exist or prospects for trade and investments are favorable;*
- c) A considerable number of Filipino citizens; and*
- d) Adherence to the principle of reciprocity and where such is extended to us.*

As of April 2012, there are a total of 94 Foreign Service Posts (FSPs) located in 67 countries in the world including the Vatican: 67 Philippine Embassies (PE), 24 Philippine Consulates General (PCG), 2 Philippine Missions (PM), and one World Trade Organization (WTO) post. In addition, there are also 80 Honorary Consuls.

Geographically, the FSPs are distributed as follows: 30 posts are located in Asia and Pacific, 27 in Europe, 19 in the Middle East and Africa and 18 in the Americas.

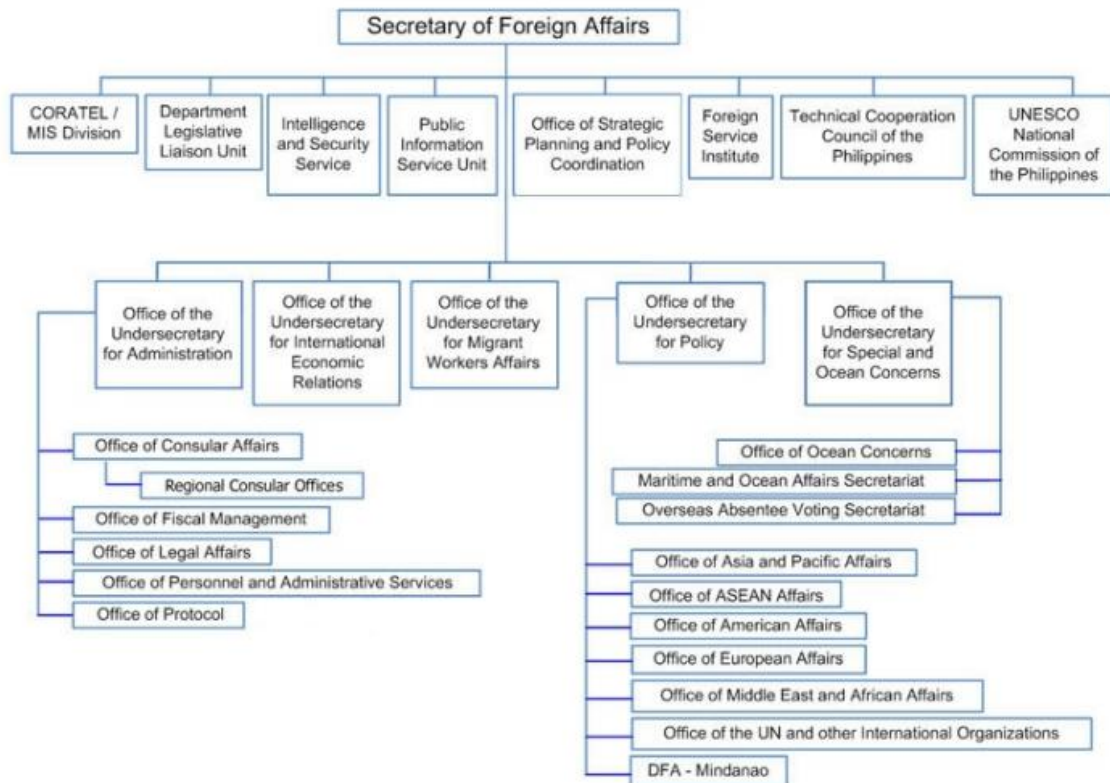
The Embassies, because they are headed by Ambassadors mostly designated as "Ambassador Extraordinary and Plenipotentiary", report directly to the DFA Secretary through their respective supervising geographic offices. The functions of the DFA Secretary include: "The Secretary of Foreign Affairs exercises supervision and control over all functions and activities of the Department of Foreign Affairs and supervises the administration and operation of the foreign service establishments. The Secretary delegates authority for the performance of any function to offices and



employees of the Department.” But the Secretary cannot possibly supervise each and every Foreign Service Post. Therefore, there is a need to clarify the flow of communication between the Posts and the Head Office.

The Office of the Strategic Planning and Policy Coordination at the DFA (i.e. at the home office), which is under the Office of the Secretary, supervises the Posts since it is responsible for “policy coordination, which involves the monitoring and evaluation of Philippine foreign policy to measure its effectiveness and consistency with its objectives” (Figure 3.1).

**Figure 3.1 Organizational Structure of the Department of Foreign Affairs**



Source: DFA website

At the same time, the Office for the Undersecretary for Policy provides staff support to the Foreign Service Posts through the following offices under its supervision: Office of Asia and Pacific Affairs; Office of ASEAN Affairs; Office of American Affairs; Office of European Affairs; Office of Middle East and African Affairs; and Office of the UN and other International Organizations.

The support activities provided by these Offices comprise: conduct of studies and formulation of foreign policies; coordination and preparations for state visits as well as activities concerning protocols, and ceremonials services; coordination, evaluation and monitoring of ASEAN projects; dissemination of effective overseas information and communication strategies.<sup>17</sup>

<sup>17</sup> From GAA Official Gazette

In addition, the Department's multilateral offices also perform the following functions: facilitate Philippine membership and participation in international organizations and convention bodies; ensure coherence in national positions; recommend foreign policy directions to the Secretary of Foreign Affairs; ensure compliance with treaty obligations; monitor developments in international discussions; represent the country in international negotiations, and; coordinate preparations for country visits by high-ranking officials from various IOs.

Additionally, while it is certainly true that the geographic offices provide support for FSPs, it is nevertheless important to recognize that instructions and policy guidance for Posts and Missions still emanate from the Home Office.

The various offices under the Office of the Undersecretary for Administration also provide critical operations supervision (i.e. coordinative and reportorial support) to the Posts particularly: the Office of the Consular Affairs (re passports); the Office of Fiscal Management (re budgetary and accounting support); the Office of Legal Affairs (re Assistance to Nationals fund); and the Office of Personnel and Administrative Services.

The absence of the FSPs from the official organizational structure of the DFA is conspicuous. In organizational management, this absence of a defined line to a single authority at the DFA Head Office may act as a flaw in the organization in that it fosters confusion or misconceptions on supervision of the performance of the Posts. The reporting lines of Heads of Posts are formally through the Office of the Secretary but may involve any of the thirteen other Offices shown in the organizational structure. The inter-agency work in the Home Office is sometimes supported by reports from and attendance by foreign posts officers.

However, according to DFA, the insiders in the department including the FSPs know and follow the chain of command and the lines of communication. It is standard procedure that all communications from the heads of posts are addressed to the Department Secretary and these are appropriately routed to the supervising geographic office. Therefore, no confusion is created. It nevertheless recognizes that for the benefit of the public's understanding, it would be best for the Department to include the FSPs in its organizational chart.

### **3.2. FSP Operations**

The operations of the Posts are generally described by looking at their budget, personnel, the activities that they undertake and their relationship with the attachés or representatives of other government organizations.

#### **3.2.1. Budget**

To get a general sense of the operations of the Posts, General Appropriations Act (GAA) for 2010 show that the Foreign Service Posts were allocated a total budget of Php6.3 billion, which is about 5% higher than its budget in the previous year. Seventy-two percent of these are for the 67 Philippine Embassies and the rest are for the PCGs.

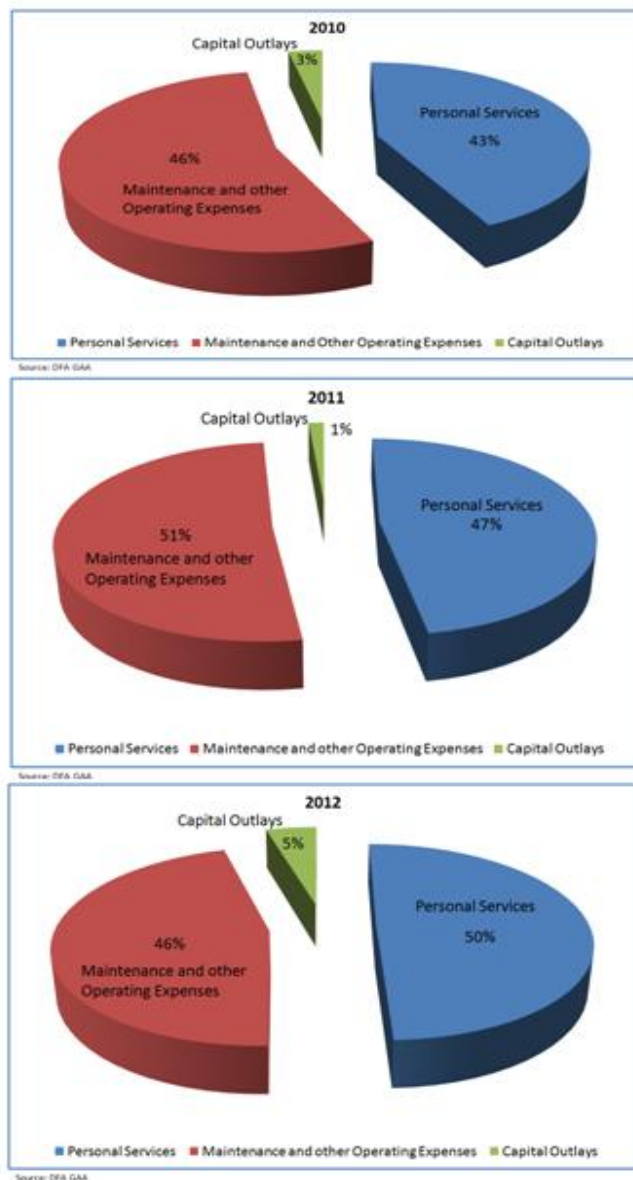
The unavailability of financial data for the individual posts (in electronic form at the time of the study) limited the analysis on the use of resources for each post. In addition, it was difficult to

make a deeper comparative analysis of the budget because of foreign exchange currency differentials and differences in costs of living.

However, based on the financials of three sample Posts (including the second biggest Post in terms of number of personnel), nearly three-fourths of the Post budget goes to personnel services. In Chart 3.1, the GAA budget for the posts for 2009 to 2011 is presented. Capital Outlay is allotted for car re-fleeting and building fund.

Also, based, about 58% of the allocation for personnel services goes to Overseas Allowance while another 29% go to Living Quarters Allowance. For the sample year (i.e. 2007), the total for Living Quarters Allowance was twice that of the total Operating Expenses and about five times that of Overseas Allowance. The sources and uses of funds of the Posts will be discussed further in Section 3.3.

**Chart 3.1 Budget for All Posts, 2009 - 2011**



### 3.2.2. Personnel

As of end of April 2012, there are a total of 1,175 DFA personnel assigned in the various Foreign Service Posts (Table 3.1). The general staffing pattern of Posts suggests that most of the personnel in a typical Post are engaged in administrative and routinary work in the Consular Services (Figure 3.2). In most cases, only two personnel are assigned in the political, economic, cultural and assistance-to-nationals sections.

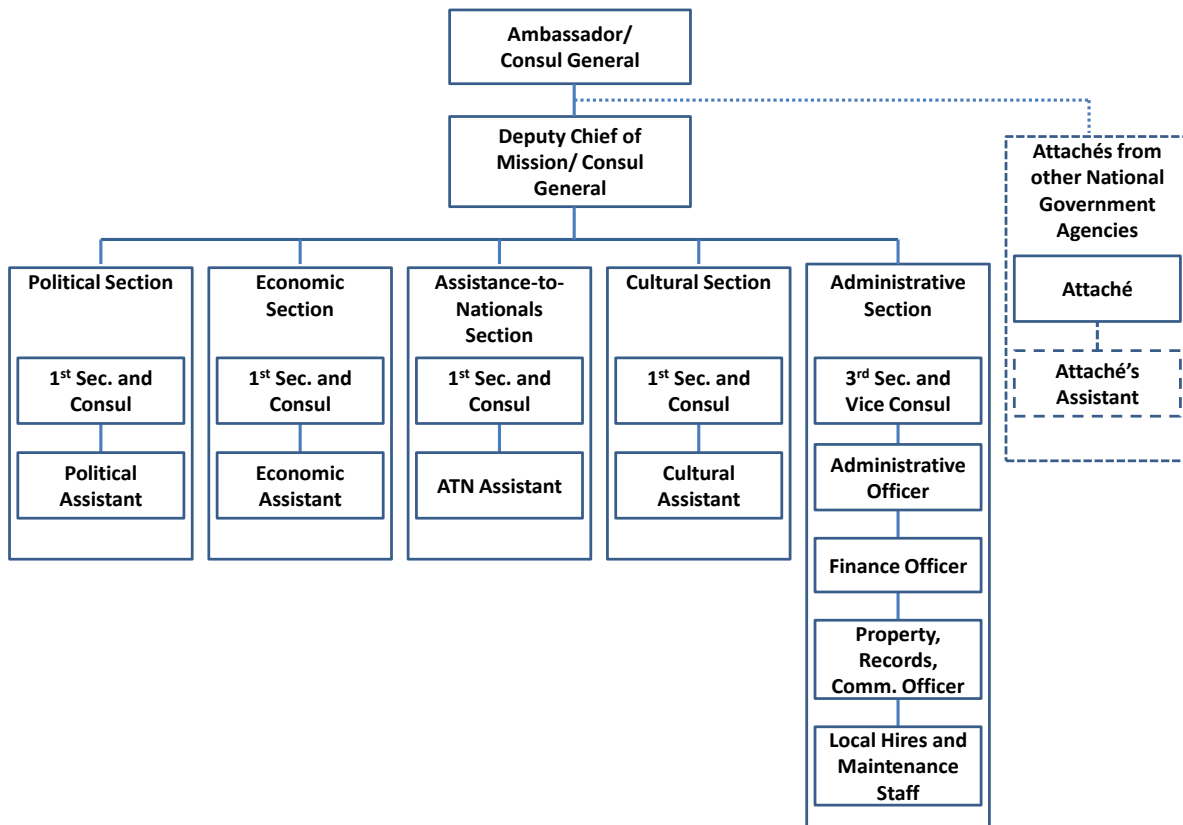
**Table 3.1 Actual Staffing Pattern in Foreign Service Posts**

	Officers	Staff	Local Hires	Total
Americas	69	195	70	334
Asia and Pacific	37	302	201	540
Europe	89	199	105	393
Middle East and Africa	52	232	141	425
Total	247	928	517	1,692

Source: DFA-OPAS, Actual and Approved Staffing Patterns of Foreign Service Posts, as of April 2012

It was noted however that in many posts, personnel are often called to multi-task i.e., staff assigned in administrative and routinary work perform additional work related to political, economic and cultural functions or vice versa. This practice is in fact a feature in most government operations to compensate for the limited number of personnel and is often a cause of frustration perceived “work always getting in the way of work”.

**Figure 3.2 General Staffing Patterns in Foreign Service Posts**



Source: DFA-OPAS, Actual and Approved Staffing Patterns of Foreign Service Posts, as of April 2012

However, it is at the same time a strong argument for the need to explore possibilities outsourcing of some administrative and routinary work and enhancing the use of ICT in order to free more time for substantive work and increase productivity in the posts amidst its limited resources.

Looking at the staffing pattern of Posts vis-à-vis the number of Filipinos served overseas gives another aspect of how Posts operate.<sup>18</sup> In terms of the population of Filipino communities, the largest is in the Americas (basically in United States of America and Canada). The ratio of staff to the number of overseas Filipinos is 1:13,339 (Table 3.2). However, most of the Filipinos in the Americas are permanent migrants, requiring mostly administrative assistance and consular services (based on various Reports to Congress). In addition, most of the political and economic systems in the Americas are mature and can also serve the migrant Filipinos.

**Table 3.2 Personnel in Foreign Service Posts vis-à-vis OFs/OFWs**

FSPs	Total Staff Complement of FSPs	%	Estimated Population of OFs/OFWs	%
Americas	334	20%	4,455,138	49%
ASPAC	540	32%	1,177,866	13%
Europe	393	23%	659,645	7%
MEA	425	25%	2,859,991	31%
	1,692		9,152,640	
<b>Ratio</b>				
Americas	1	:	13,339	
ASPAC	1	:	2,181	
Europe	1	:	1,678	
MEA	1	:	6,729	
Average	1	:	5,409	

*Source of basic data: DFA-OPAS, Actual and Approved Staffing Patterns of Foreign Service Posts, as of April 2012*

In contrast, the almost 3 million Filipinos in the Middle East and Africa (MEA) are primarily Overseas Filipino Workers (OFWs). More than consular and administrative services, these OFWs require much Assistance-to-Nationals services to protect their rights and safety. Usually, the sheer number of clients requiring non-routinary services necessitates more personnel to attend to their clients' needs. Yet, the ratio of Post personnel to OFWs in MEA is 1:6,729, much lower than the ratio of 1:2,181 for Asia and Pacific and ratio of 1:1,678 for Europe.

Initially, this map of personnel deployment gives the impression that some Filipinos overseas may be underserved. DFA explains the nature of the FPS personnel map in two ways. First, it noted

<sup>18</sup> The concern on the estimation of the number of OFs and OFWs in specific jurisdiction of posts was raised in one of the FGDs with the DFA for this ZBB report. DFA reported that the Office of the President has organized an inter-agency team to take responsibility for this perennial problem of not knowing how many Filipinos are actually living in particular places.

that all personnel at the Posts are expected to assist in the provision of ATN services. It also underscored that specific Posts with high ATN demands are supplemented by personnel from other national agencies such as the Department of Labor and Employment and the Overseas Workers Welfare Authority. In this case, the focus of inquiry should be whether the supplemental personnel sufficiently address the needs of the OFWs in Posts with high ATN demands. For instance, in one of the FGDs, the DSWD representative revealed that there is only one social worker deployed to Malaysia who is expected to attend to the needs of roughly half a million OFWs in distress (Box 2).

DFA further argues that instead of the ratio of FSP personnel to OF/OFW population, a better gauge of Posts' performance would be the ratio of the number of OF/OFW population to the number of processed concerns. To test whether this argument would stand, the study also looked at the suggested performance indicator.

Table 3.3 shows that 54 percent of total transactions in the Posts are actually done by the ASPAC posts while only 22 percent are processed by posts in the Americas despite being hosts to 49 percent of overseas Filipinos. The caveat is that the number of transactions is limited to the existing data available (i.e., the number of voters registered, number of actual voters, number of passports issued and number of tourist arrivals). There is no doubt that a different picture will be painted if a consolidated/summarized data is made available on the number of OFs repatriated, OFs provided with legal assistance and other such data.

**Table 3.3 Estimated Number of Transactions in FSPs vis-à-vis Estimated OFs/OFWs**

<b>FSPs</b>	<b>Estimated Number of Transactions</b>	<b>%</b>	<b>Estimated Number of Filipinos</b>	<b>%</b>
Americas	958,989	22%	4,455,138	49%
ASPAC	2,328,931	54%	1,177,866	13%
Europe	500,270	12%	659,645	7%
MEA	485,138	11%	2,859,991	31%
	<b>4,273,328</b>	<b>100%</b>	<b>9,152,640</b>	<b>100%</b>

*Source of basic data: Report to Congress, as of April 2012*

*Note: Number of transactions is based on the number of voters registered, number of actual voters, number of passports issued and number of tourist arrivals.*

The inadequacy of available data did not permit a deeper analysis of posts' performance. Besides, the debate on which performance indicator better describes the performance of FSPs should more appropriately be undertaken in the conference rooms of DFA. Instead, the point that this Report would like to make is that a study on the appropriateness of personnel deployment and performance management of the FSPs should be made part of a more comprehensive and bigger Benefit-Cost Analysis or Cost Effectiveness Analysis of FSPs.

## Box 2: Assistance to Nationals in Malaysia

<b>KUALA LUMPUR (Philippine Embassy)</b>			
<b>A. STATISTICAL INFORMATION</b>			
<b>1. Estimated Number of Overseas Filipinos</b>			
	Male	Female	Total
<b>Peninsular Malaysia</b>			
a. Permanent Migrants	No Data Available	No Data Available	No Data Available
b. Temporary Migrants	No Data Available	No Data Available	30,527
c. Irregular / Undocumented Migrants	No Data Available	No Data Available	No Data Available
<b>TOTAL IN PENINSULAR MALAYSIA</b>			<b>30,527</b>
<b>North Borneo (Sabah)</b>	Male	Female	Total
a. Permanent Migrants	No Data Available	No Data Available	6,490
b. Temporary Migrants	No Data Available	No Data Available	178,438
c. Irregular / Undocumented Migrants	No Data Available	No Data Available	350,000
<b>TOTAL IN NORTH BORNEO (SABAH)</b>			<b>534,928</b>
<b>Labuan</b>	Male	Female	Total
a. Permanent Migrants	No Data Available	No Data Available	No Data Available
b. Temporary Migrants	No Data Available	No Data Available	3,621
c. Irregular / Undocumented Migrants	No Data Available	No Data Available	No Data Available
<b>TOTAL IN LABUAN</b>			<b>3,621</b>
<b>Sarawak</b>	Male	Female	Total
a. Permanent Migrants	No Data Available	No Data Available	No Data Available
b. Temporary Migrants	No Data Available	No Data Available	1,232
c. Irregular / Undocumented Migrants	No Data Available	No Data Available	No Data Available
<b>TOTAL IN SARAWAK</b>			<b>1,232</b>
<b>OVERALL TOTAL (Post's Jurisdiction)</b>			<b>570,308</b>

Estimating the total number of Filipinos in Malaysia is difficult due to the high percentage of undocumented and/or overstaying Filipinos. In North Borneo (Sabah), the difficulty of estimating the number of OFWs is compounded by the constant and continuous movement of people through its porous border with Mindanao. Many Filipinos from Tawi-Tawi, Sulu, Basilan Zamboanga and other parts of Mindanao think nothing of hopping on a boat to various destinations along the coast of North Borneo.

In addition, many Filipinos arrive in Malaysia as tourists but eventually seek employment. The availability of budget airline fares has led to increases in such arrivals. Many attempt to extend their stay by exiting through neighboring Brunei for those in Sabah and Sarawak, or through Thailand and Singapore, for those in peninsular Malaysia.

Post estimates close to 400,000 undocumented Filipinos in the whole of Malaysia. Most of them are believed to be in North Borneo with many coming from Sulu, Tawi-Tawi, Basilan and Zamboanga. A recent Al Jazeera documentary mentioned that the number of undocumented Filipinos in Sabah is more than a million.

Most of the Filipinos in prison have committed immigration-related offenses. The Malaysian Prisons Department recorded 1,183 Filipinos in prison as of 30 June 2011. However, this number is constantly changing due to the short duration of sentences for immigration offenses and the regular deportations of those who have completed their sentences. For the period of January-June 2011, a total of 5,655 Filipinos were issued travel documents for their deportation.

In addition, there were 329 distressed Filipinos/runaways who sought the assistance of the Embassy/POLO during the same period. All of them were provided with temporary shelter and accommodation either at the Chancery (for males) or the Filipino Workers' Resource Center (FWRC, for females).

Source: Report to Congress, July – December 2011

### 3.2.3. Activities

All Foreign Service Posts basically engage in different activities that fall under five categories:

- Consular Services;
- Assistance to Nationals;
- Economic Diplomacy;
- Political/Military Diplomacy; and
- Cultural Diplomacy and Image Building.

Consular Services basically offer services for Filipinos abroad related to passports, civil registration, voters' registration for Filipinos overseas, processing of dual citizenship applications, and legalizations/notarials/authentication of documents. The issuance of visas to foreigners is another service provided. Consular-related work or transactions of the FSPs are readily measurable and quantifiable primarily because DFA is the only agency mandated to do this kind of work and all outputs can be attributed to them. Second, consular services often involve administrative and routine work, which are easily recorded.

In 2011, the Posts collectively registered 547,910 Filipino voters overseas, assisted 150,019 actual voters, and issued 454,272 passports and about 3.1 million visas<sup>19</sup> (Table 3.4).

**Table 3.4 Consular Services Provided by Posts**

	<b>Voters Registered</b>	<b>Actual Voters</b>	<b>Passports Issued</b>	<b>Tourist Arrivals</b>
Americas	66,745	19,854	120,107	752,283
ASPAC	192,932	64,484	118,100	1,953,415
Europe	59,855	17,081	66,868	356,466
Middle East and Africa	228,378	48,600	149,197	58,963
<b>Total</b>	<b>547,910</b>	<b>150,019</b>	<b>454,272</b>	<b>3,121,127</b>

*Source of basic data: DFA Annex I, 2011*

Services provided by the Posts, which comprise Assistance to Nationals (ATN) include repatriation, shipment of remains, medical (hospitalization) and psychological interventions, establishing the whereabouts of OFWs, among other services. It also includes legal assistance such as the payment of fees for foreign lawyers, bail bonds, court fees, charges and other litigation expenses. These services are intended to also produce intangible benefits (i.e., not as readily measurable) that should lead to the desired outcomes namely: the promotion of the welfare and the protection of the rights of migrant workers. It should also be noted that the administration of ATN Fund is directly overseen by OUMWA.

Data on assistance to nationals is available per Post but because no consolidated data was available at the time of the study, a deeper analysis of the Assistance to Nationals (ATN) was not

<sup>19</sup> It was suggested that since passports are electronically prepared at the BSP, the passports issued at the home office and FSPs should, at least, be reconciled. There is a big difference between reports from BSP Personalization Center and the DFA home office and FSPs.



undertaken. Deriving a consolidated and disaggregated data is complicated by the fact that services provided are shared with or claimed by other agencies. Some data on ATN services are generated by OFM and others by OUMWA. The narrative on Malaysia (see Box 2) provides a brief illustration of the work of the Posts in terms of assisting OFWs in distress. This is further illustrated in the caselet on Riyadh (see Annex A).

The biannual submission of the Reports to Congress follows the minimum required information format designed to address policy implementation of RA 10022 (*An Act Amending Republic Act No. 8042, otherwise known as The Migrant Workers and Overseas Filipinos Act of 1995*). Most of the information submitted by the Posts is centered on issues and concerns related to migrant workers. However, there is currently no specific unit or person that is designated to consolidate data generated by the Reports to Congress.

The creation of such a unit and the designation of a technical working group (TWG) to determine other data requirements based on policy needs are therefore additional recommendations of this report.

Activities of the Posts relative to economic diplomacy, political/military diplomacy, and cultural diplomacy and image building are difficult to quantify as noted in Section II of this Report. First, there are many actors involved in building diplomacy and it is not easy to note which benefits can be attributed to the work of FSPs vis-à-vis other Attachés. To illustrate, the work of the Riyadh post on the policy advocacy on the Household Service Workers (HSW) in Riyadh is presented (see Box 3). The caselet on Beijing further illustrates the work of the Posts in terms of economic diplomacy (see annex B).

Second, most outcomes are intangible and activities contributing to these outcomes are NOT clearly delineated. Further, outcomes take longer duration to be realized and are public goods. To illustrate this situation, on the deployment of Filipino Nurses to Madrid is presented (see Box 4).

A third reason for the difficulty in quantifying the benefits of diplomacy is perhaps, the right data are not captured or historical data and information collected are not analyzed to determine trends and forecast potential opportunities.

Nevertheless, the DFA currently uses trade statistics to determine the performance of the Posts, implying that these are outcomes to which the Posts activities contribute to (Table 3.5). DFA reports show that 66% of Philippine exports go to ASPAC countries and 67% of imports also come from ASPAC countries.

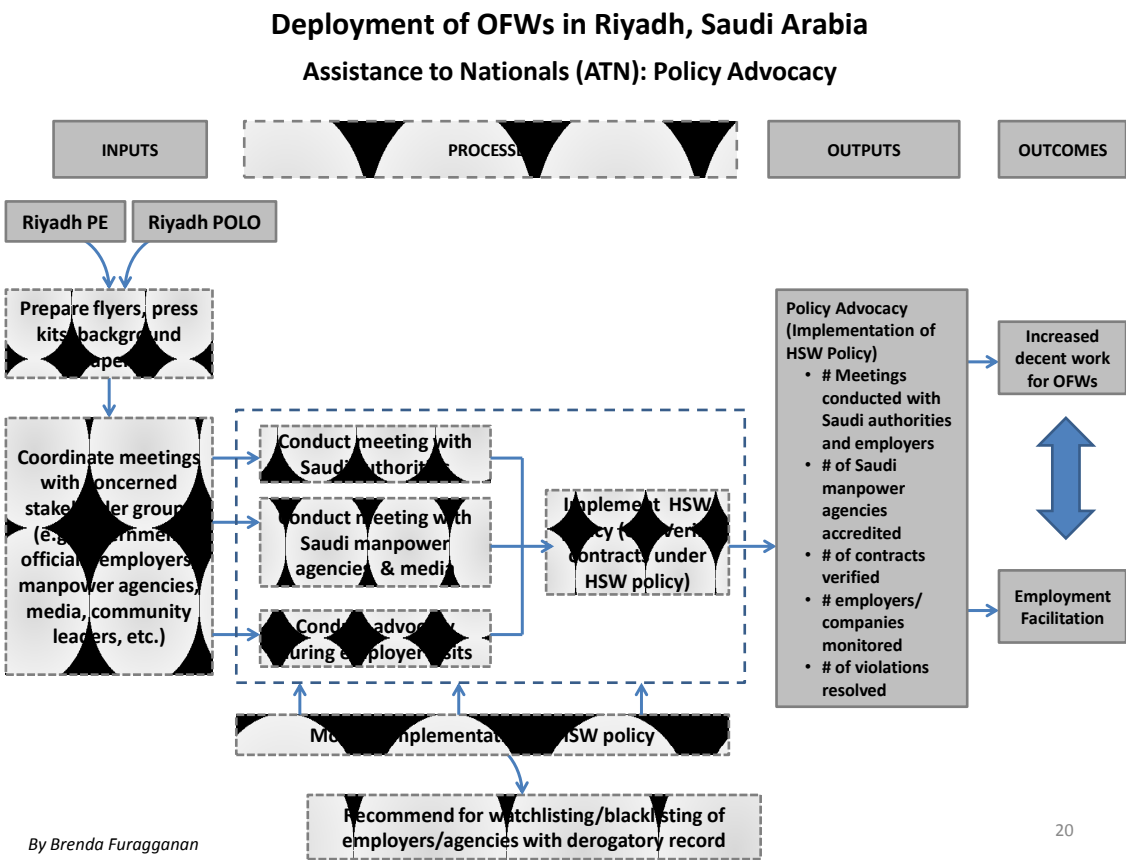
**Table 3.5 Trade and Investment Reported by Posts, by Geographic Areas**

	Total Philippine Exports (US\$)	Total Imports (US\$)	Total Trade (US\$)	FDI (Php Millions)
Americas	8,454,731,793	7,125,351,989	15,580,083,782	31,695
ASPAC	32,863,647,172	34,502,381,047	67,366,028,219	106,924
Europe	7,610,756,924	4,861,650,780	12,472,407,704	53,575
Middle East and Africa	765,409,990	5,350,557,547	6,115,967,537	823
<b>Total</b>	<b>49,694,545,879</b>	<b>51,839,941,363</b>	<b>101,534,487,242</b>	<b>193,017</b>

Source of basic data: DFA Annex I, 2011

### Box 3: Labor Policy Advocacy in Riyadh

This example highlights the work of DFA vis-à-vis the other attachés in the Posts – particularly on Policy Advocacy. In 2007, the Philippines issued a new policy on the deployment of Household Service Workers (HSWs) overseas. Basically, the new policy sets the following regulations: 23 as the minimum age of an HSW; US\$400 as the minimum entry salary; no – placement fee policy; possession of a National Certificate Level 2; and attendance to the OWWA Language and Culture Orientation. Initially, the new policy was met with strong reservations. It required considerable work from the Riyadh PE and POLO Riyadh to melt down the reservations by strongly advocating the HSW policy as shown in the Figure below.



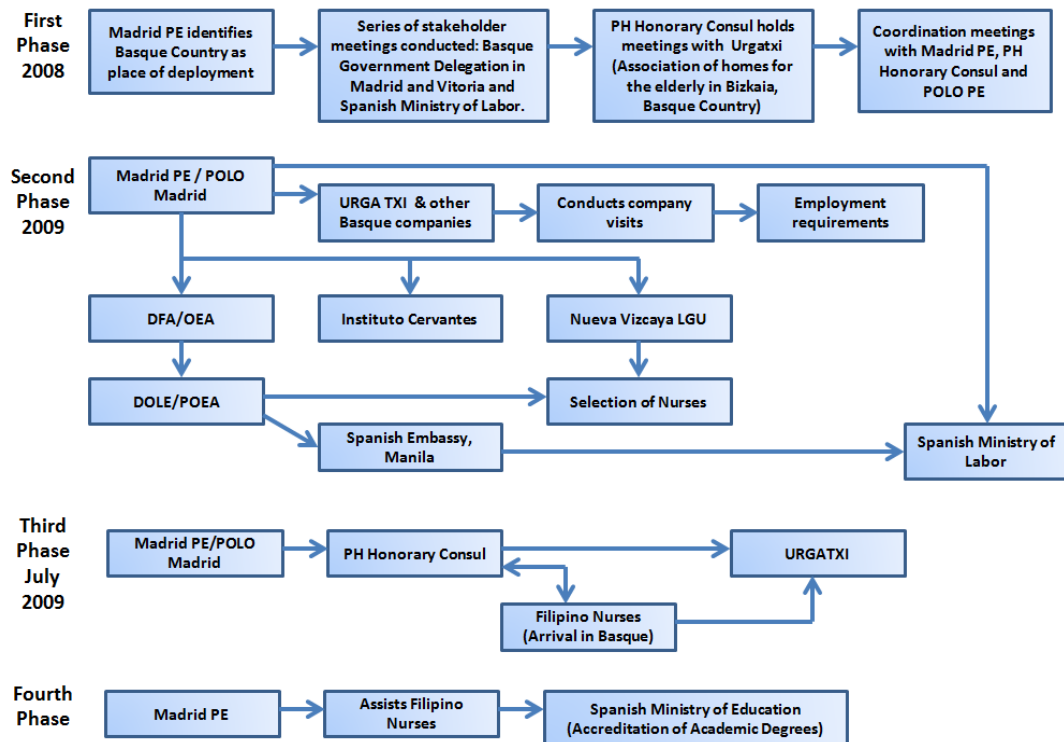
With the new policy on HSWs, the number of domestic workers in Riyadh significantly declined by more than a third from 2006 to 2007, before increasing again in 2009 and reaching a similar pre-policy level by 2010. It can be noted that even though the number of domestic workers again increased by 2010, its share in the composition of total OFWs has declined in favor of more skilled workers. These may be attributed to the policy advocacy and labor promotion activities of the Riyadh Post which reflects the DOLE position on shifting the deployment to the less vulnerable, more educated workers.

#### Box 4: Labor Advocacy in Madrid

Prior to July 2009, 90% of Filipinos working in Spain are in the service sector comprising of hotel and restaurant workers, domestic workers and home-based caregivers.<sup>20</sup> A strategy was hatched to open the Spanish health sector to Filipino health workers. At that time, it was difficult for Filipino nurses to hurdle the common EU immigration policy. In 2007, the Philippine – Spain Memorandum of Understanding (MOU) on Migration Flows was signed.

With the MOU serving as a legal basis, the Madrid Philippine Embassy started the ball rolling to get Filipino Nurses working in Spain. It began by identifying the Basque country as place of deployment of Filipino nurses (see Figure). It then held a series of meetings with stakeholders that included the Basque Government Delegation in Madrid, Spanish Ministry of Labor and Urgatxi, which is the association of homes for the elderly in Bizkaia, Basque Country. The first phase required close coordination among Madrid PE, POLO PE, and the PH Hon Con Bilbao.

#### Process Flow on the Deployment of Filipino Nurses to Spain



One of the benefits derived from this initiative is the opening of the Spanish market to Filipino nurses resulting in the actual deployment of Filipino nurses. But this benefit was produced by the collaborated efforts of the Madrid Embassy, the Honorary Consul, the Madrid POLO and other agencies. Which percent of the work of the Embassy actually contributed to the employment of Filipino nurses? This unfortunately, it is not possible to determine.

<sup>20</sup> DFA, Report to Congress, January to June 2009

### 3.2.4 Relationship with Other Agencies

The DFA personnel at the Posts are complemented by the representatives of other government agencies comprising 150 Service Attachés/Representatives deployed in the different geographic regions (Table 3.6). Forty-one percent of these Attachés/Representatives are deployed in ASPAC compared to 27% in MEA, 20% in Europe and 12% in the Americas. Forty-two percent of the representatives are labor-oriented i.e., DOLE (22%) and OWWA (27%).

It is quite interesting to note that there are only 2 attachés from DSWD compared to 7 from SSS and another 2 from Pag-ibig since it partly reflects the priorities of the government.

The work relationships of the DFA Posts with that of the other Attaches were highlighted in the preceding section. On the other hand, their financial relationships are discussed in Section 3.4.

**Table 3.6 Service Attachés/Representatives by Agency and Geographic Area, 2012**

NGAs	Americas	ASPAC	Europe	MEA	Total
Department of Agriculture (DA)	1	2	3	1	7
Department of Trade and Industry (DTI)	4	11	8	2	25
Department of Tourism (DOT)	4	6	2		12
Department of National Defense (DND)	2	21	2	1	26
Department of Labor and Employment (DOLE)	3	8	7	15	33
Department of Social Welfare and Development (DSWD)		1		1	2
Overseas Workers' Welfare Authority (OWWA)	2	7	6	15	30
Pag-ibig				2	2
Philippine National Police (PNP)	2	3		1	6
Social Security System (SSS)		2	2	3	7
<b>Total</b>	<b>18</b>	<b>61</b>	<b>30</b>	<b>41</b>	<b>150</b>

Source: Office of Personnel and Administrative Services (OPAS)

### 3.3. Honorary Consuls

In addition to the DFA personnel and attaché and their assistants, there are a total of 136 active honorary consular posts spread across the globe: 34 posts in the Americas, 58 in Europe, 16 in the Middle East and Africa, and 28 in the Asia and Pacific.<sup>21</sup> Additionally, honorary consular posts are being proposed in the following regions: 11 in the Americas, 9 in Europe, 6 in the Middle East and Africa, and 3 in Asia and the Pacific.

The operations of Honorary Consuls are financed by their own collections. HCs *may* retain a maximum of 50% of the income collected for administrative expenses, as provided for in the General Appropriations Act. The balance is expected to be remitted to the supervising FSP.

The current dearth of data on the operations of the honorary consuls, which prevented any form of analysis, indicates weak monitoring of the HCs. For this Report, as requested by the research

<sup>21</sup> As of September 2013

team, DFA provided data by regions on the incomes of honorary consulates from 2007-2011.<sup>22</sup> These are presented as Table 3.7, and are analyzed in comparison to budgets allocated to the respective Home Office geographic desks, the embassies in the geographic regions, and the consulates in the same (Table 3.8-3.10 and Chart III-F for the only meaningful ratio, *geographic desk budgets* to honorary consuls' incomes.)

**Table 3.7 Honorary Consulates Income by Region (Php), 2007-2011**

	2011	2010	2009	2008	2007	TOTAL
Americas	3,166,699.57	5,237,640.70	3,818,270.27	2,412,331.72	2,155,664.41	16,790,606.67
Asia Pacific	11,173,306.52	14,642,242.71	11,679,968.13	9,068,694.71	9,973,380.31	56,537,592.38
Europe	8,270,687.19	9,228,718.02	8,948,154.66	7,088,027.55	7,360,935.27	40,896,522.69
Middle East and Africa	571,771.68	577,005.80	57,523.01	400,272.39	202,968.55	1,809,541.43
<b>TOTAL</b>	<b>23,182,464.96</b>	<b>29,685,607.23</b>	<b>24,503,916.07</b>	<b>18,969,326.37</b>	<b>19,692,948.54</b>	<b>116,034,263.17</b>

Source: DFA Database

**Table 3.8 Ratio of Budget of Home Offices, DFA Geographic Desks to Honorary Consulates' Income by Region**

	2011	2010	2009	2008	2007	TOTAL
Americas	16.93	28.43	24.59	19.33	20.19	22.15
Asia Pacific	37.60	55.75	45.12	44.08	55.39	46.94
Europe	36.44	42.74	51.68	47.45	65.84	46.62
Middle East and Africa	3.86	4.22	0.46	3.90	2.81	3.10
<b>TOTAL</b>	<b>26.98</b>	<b>37.12</b>	<b>34.45</b>	<b>32.56</b>	<b>41.82</b>	<b>33.89</b>

Source: DFA Database

**Table 3.9 Ratio of Budget of Embassies to Honorary Consulates' Income by Region**

	2011	2010	2009	2008	2007	TOTAL
Americas	0.66439925	1.108864	0.836837	0.615963	0.674469	0.793324
Asia Pacific	0.82938483	1.139801	0.98968	0.831056	1.148155	0.979539
Europe	0.54534437	0.57946	0.605175	0.500143	0.772174	0.587735
Middle East and Africa	0.04921493	0.050446	0.005097	0.041257	0.027222	0.035137
<b>TOTAL</b>	<b>0.5149153</b>	<b>0.660646</b>	<b>0.577438</b>	<b>0.490131</b>	<b>0.682092</b>	<b>0.580271</b>

Source: DFA Database

For the period between 2007-11, the incomes of Honorary Consuls are highest in the Asia-Pacific region (P56.5 million), followed by Europe (P40.9 m), the Americas (P16.8 million) and Middle East and Africa (P1.8 million). To show weak monitoring, these incomes do not seem to be regularly collected by the FSPs from the HCs.

<sup>22</sup> Letter of Undersecretary Rafael E. Seguis to Federico M. Macaranas, dated 09 May 2012, received 28 May 2012, containing various data on Honorary Consuls and Foreign Service Posts. The research team suspected errors in the data recording and called attention to huge discrepancy in 2007 data for Asia-Pacific which DFA subsequently corrected; the unusually low 2009 number for Middle East and Africa seems to be explained by low collection efforts in that year, surprising for a period of global economic recovery.

**Table 3.10 Ratio of Budget of Consulates General to Honorary Consulates' Income by Region**

	2011	2010	2009	2008	2007	TOTAL
Americas	0.43588912	0.725766	0.552953	0.394024	0.441256	0.518317
Asia Pacific	1.59546185	2.072361	1.717276	1.537273	2.492217	1.837358
Europe	4.43247452	5.005868	5.135063	4.370119	5.676274	4.885623
Middle East and Africa	0.29146744	0.292401	0.030202	0.223363	0.149661	0.201332
TOTAL	1.2811014	1.640169	1.412015	1.228944	1.706483	1.440985

Source: DFA Database

While the table given to the ZBB research team does not indicate when HC posts were vacant during the 2007-11 period, the five-year period shows a disturbing absence of data for most of the HCs, except for four in the Americas (Mexico, Toronto, Vancouver, and Washington, D.C.), five in Asia Pacific (Canberra, Jakarta, New Delhi, Tokyo, and Wellington), eight in Europe (Ankara, Berlin, Berne, Madrid, Moscow, Oslo, Paris, and Vienna), and one in Middle East and Africa (Pretoria). It could be that these fully reporting posts already consolidated the HC incomes within their jurisdictions, but the table submitted had data on some HCs submitting income reports for only one year (10 HCs), or two years (5 HCs), or three years (3 HCs), or four years (6 HCs) during the five year period. Table 3.11 shows the frequency of reporting by the HCs in the four geographic regions through the five year period

**Table 3.11 Number of Honorary Consulates reporting incomes for 2007-2011 by frequency**

	1 year	2 years	3 years	4 years	5 years
AMERICAS	3	1	1	1	4
ASIA PACIFIC	2	2	1		5
EUROPE	2	1	1	5	8
MIDDLE EAST & AFRICA	3	1			1

Obviously, tighter management, monitoring, and control are required with respect to HCs. It is not clear if official receipts issued by HCs are universally applied, regularly vetted by DFA, and properly audited for the maximum 50% share of income permitted by the GAA.

How do the HC incomes compare with the various budgets of the Home Office geographic desks, the Embassies and the consulates in the regions? Table 3.8 shows the incomes of Honorary Consuls in Asia Pacific cover a mere 1/47 of the home office budget of the Office of Asia-Pacific Affairs. In other words the home office budget is 47 times the income collection of HCs there. The corresponding data for Europe is similarly the same relative to the budget of the Office of European Affairs.

Likewise, the honorary consuls income in the Americas cover 1/22 of the budget of the Office of American Affairs while HCs in Middle East and Africa cover 1/3 of the home office budget of OMEEA, the best example of cost effective operation using this metric.

It is noteworthy to mention, nevertheless, considering that Honorary Consuls finance their own operations, there is a need to study their operations more comprehensively to determine how they could be used more advantageously by the DFA. This is especially important as some Posts are closed down. The review can be conducted internally by the Department or outsourced to PIDS or other entities.

### **3.4. FSP Budget and Financial Procedures**

This section looks at the financial transactions of DFA Head Office (HO) and Foreign Service Posts (FSPs) focusing on: budgeting and budget implementation; setting up working funds and its utilization; and accounting and monitoring systems.

In addition, it looks at the financial processes of other national government agencies with attachés in the Posts (e.g. DSWD, DND and DTI) and their effects on DFA's financial position. Lastly, the report discusses DFA's Passport Services, which is central to the major financial issues pertaining to budgeting, funds utilization, accounting and monitoring.

In the evaluation of the financial component of the project, all items (such as executive and legislative mandates, organizational structures, systems and processes, budgeting and accounting practices, consular services that are both revenue generating operations and non-revenue generating services and other businesses, personnel, staffing, assignments and others factors affecting the principal agency, the DFA) were reviewed for its impact on the agency's budget and finances.

DFA financial statements audited by COA was used extensively to determine, among others, the effect of the shift to e-NGAS of the presentation of the accounts of DFA and the extent the un-reconciled balances before the adoption of e-NGAS affect the DFA's real financial standing. Confirmation of the results of operations, processes and work flows initially gathered from the literatures of DFA and most current audited financial statements were sourced from DFA.

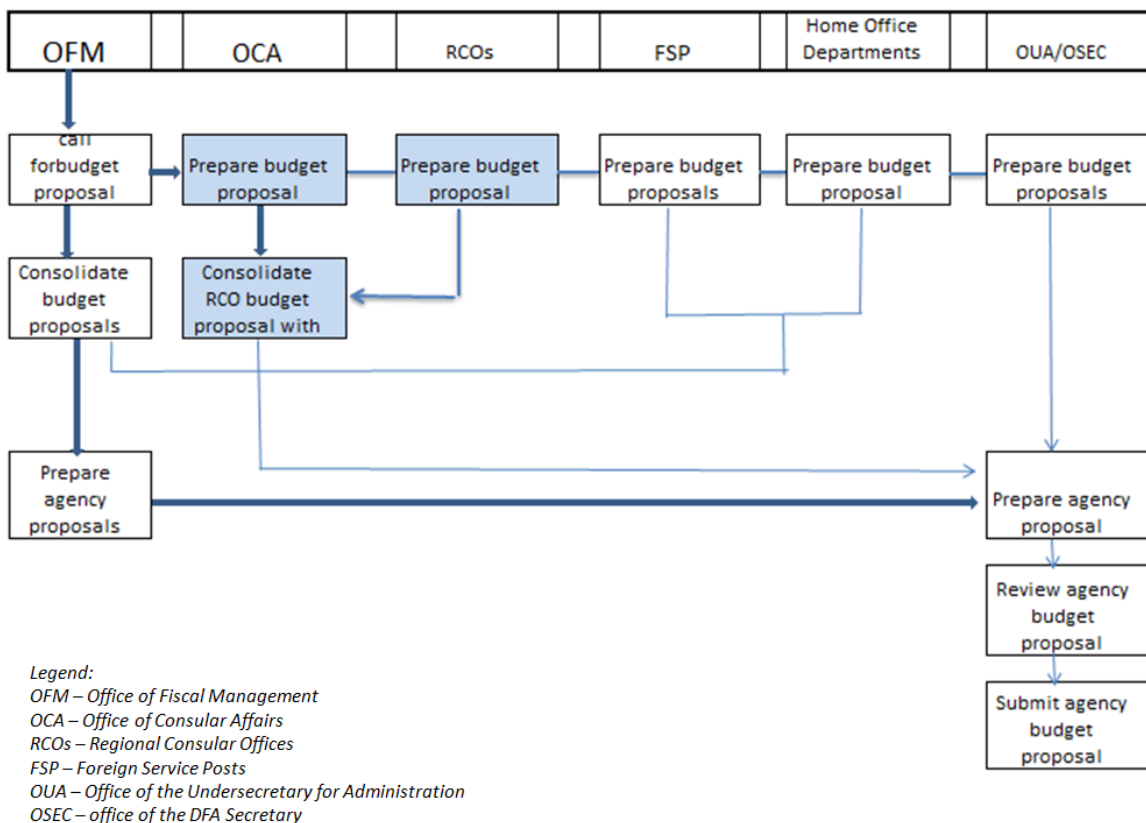
#### **3.4.1. The Budgeting Process**

The budgeting process begins with a budget call from the Office of the Fiscal Management (OFM) to all the home office departments and the FSPs (Figure 3.3). A budget template is provided by OFM to all. Filled up budget templates by FSPs are submitted to OFM.

Regional Consular Offices (RCOs), on the other hand, submit filled up budget templates to the Office of Consular Affairs (OCA). The required budget templates are mainly for Personnel Services (PS), Maintenance and Operating Expenses (MOOE) and CO.

The FSPs provide a list of personnel at the post with the corresponding salaries and allowances. A separate budget form is filled up pertaining to maintenance and other expenses and proposed capital outlays. No rationale, justifications or statements about work plans and other post' objectives are provided and there is no template for it. FSPs also submit information/documentations on existing properties of the posts on properties that are merely leased or rented.

**Figure 3.3 Budget Preparation Process within the DFA and Foreign Service Posts**



In most posts, there are agencies with attachés that occupy office space, utilize janitorial, security, transportation, messengerial services of the post. These agencies accommodated at the FSPs are DOLE, DND, DTI, DSWD, DOT, among others. The issues that arise from these arrangements cover cost sharing and, therefore, mode of reimbursing DFA as these have significant effects on DFA’s budget and consequential bearing on the resource utilization of DFA.

These arrangements have yet to be reduced in writing and a standard mechanism for automatically charging the agencies with attachés are not yet in place. The receivables arising from unreimbursed “advances” by DFA to the agencies with attachés amount to about P180M at present and multi agency meetings are to be held just to discuss possibility of DFA collecting the reported amount. It is also not certain if the amounts are recognized as liabilities in the books of the agencies with attachés.

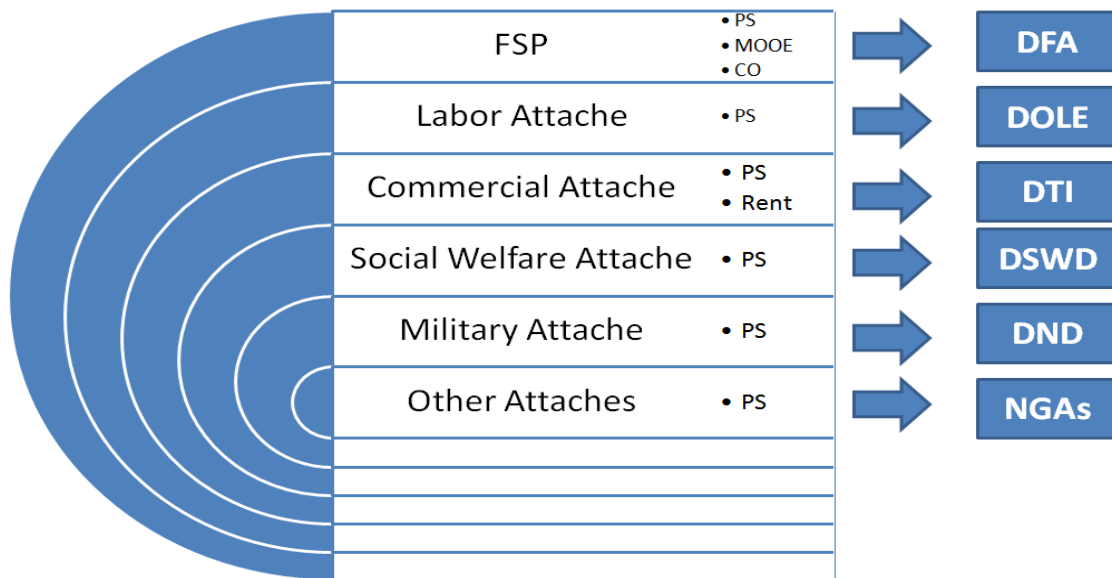
Since at the beginning of the budgeting process, there are expenses that are provided for by the FSPs without consultation with the other agencies with attachés, there are DFA resources that ultimately accrue to the agencies with attachés, partially or in great part. DFA and the agencies with attachés independently and separately prepare budgets without coordinating, at the foreign posts, common activities being budgeted for.



The agencies with attachés prepare separate budgets and independently from the host agency, DFA even for very similar activities such as assistance to national and promotion of economic and political interests (Figure 3.4). If there is a one country approach team that is expected to permeate all the activities of DFA and the agencies with attachés, this is not taking place from the budgeting and, expectedly, to budget utilization.

The DFA provides for the expenses where there are no existing agreements on cost sharing. With the scarce resource available to DFA, it is not sustainable for DFA to continuously advance expenses to agencies with attachés without creating a strain on its own budget and financial resources. The DFA is expected to initiate billing the agencies with attachés otherwise no obligation is recognized by the agencies with attachés. Barring any billing from DFA, the booked receivables by DFA are not recognized as liabilities by the agencies with attachés leading to large uncollected receivables from the various agencies with attachés in the books of DFA. This situation will persist in the absence of a cost sharing mechanism and automaticity in the reimbursement of DFA advances.

**Figure 3.4 Budget Preparation Process of DFA and Other Agencies**



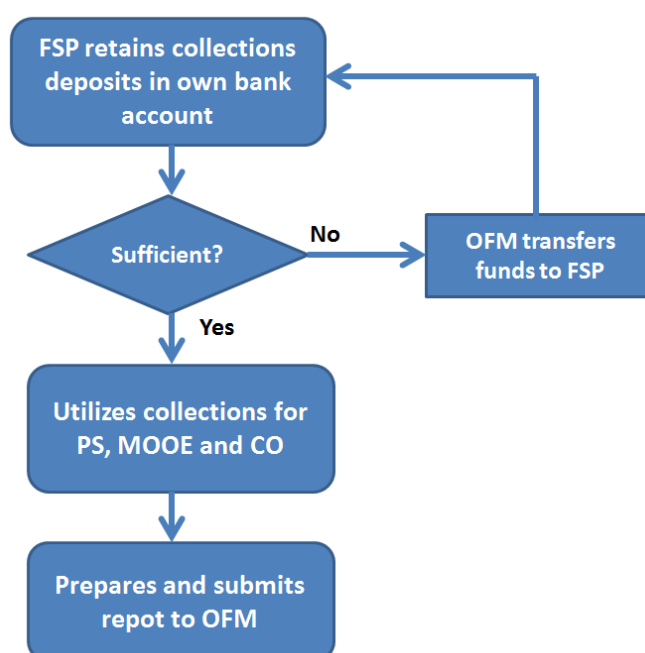
The filled up budget templates from the FSPs and various home office departments are submitted to OFM. RCOs, however, submit their budgets to OCA. OFM and OCA consolidate the respective budgets received and submits these to the office of the Undersecretary that further consolidates the budgets and submits these to the Secretary for presentation to congress.

No further review or budget presentation is held at the home office departments, FSPs and RCOs. Once the budget is approved by congress, the Department of Budget and Management (DBM) provides for the amounts allocated periodically or as requested by the DFA.

### 3.4.2. Working Funds of FSPs

The cash allotments for some FSPs are not remitted to the receiving banks of the post but are instead charged against retained collections by the posts (Figure 3.5). For some posts in the United States, the DFA head office remits the allocations to the PGC in NY and it is the PGC that distributes the funds to the FSPs that it supervises. FSPs are authorized to open bank accounts in the host countries. Current, savings and time deposits may be opened by the posts with the ambassadors or consuls (head of offices) and the designated finance officer as signatories.

**Figure 3.5 Setting Up of Working Funds of FSPs**



The total working funds of the FSPs are sourced from their retained income collections, if the FSP is cash sufficient, and from the cash allocation received from the DBM, if cash deficient.

The retained income collections are revenues from consular activities, principally from passport issuances/replacements by the posts. The posts, instead of remitting these to the head office, deposit the funds in their respective bank accounts as working funds. This arrangement may have been institutionalized at DFA in the past when remittances were, one, expensive, and, two, very cumbersome.

The FSPs require working funds in the currency denomination of the host country, thus, the working balances maintained by the FSPs are either in US dollars or in third currencies.

When the home office remits funds to the FSPs, these are in US dollars. There is a reference rate used by the DFA and its FSPs for Peso/dollar conversions. The conversion rates are based on BSP's reference rates adopted by DFA. Outside the United States, however, FSPs have to necessarily convert the US dollar in third currencies. The dissimilar conversion rates used at the time of remittance – where the peso dollar rate is fixed – and the conversion of the USD to third currencies,

create occasions for exchange gains and losses. The DFA receives reports of the dollar third currency conversions but is not able to monitor if the exchange rate used for the USD third currency conversion by the FSPs are based on current rates.

RCOs likewise keep or maintain balances as working funds from which salaries, maintenance and capital expenses are charged. RCOs prepare reports that are then submitted within ten days after the end of a reporting period. The bank balances of each RCO and FSP are not reconciled by the OFM.<sup>23</sup> Reconciliation of bank accounts is left to the FSPs and RCOs.

The reports that are submitted by the FSPs and the RCOs regarding financial transactions cover transactions of the previous month and delays in reporting occur. Analyses of accounts reported become difficult because of the time lag between transaction dates and reporting dates.

### **3.4.3. Accounting and Monitoring Mechanisms**

Accounting is centralized at OFM. OFM accounts for all transactions by the head office and the RCOs and FSPs. The preparation of accounting entries for transactions is twofold:

- as these are incurred, mainly at the head office, OFM originates the entries; and
- as these are responded to for FSPs and RCOs. The two offices originate the entries.

Accounting promptly for activities as these are incurred eliminate any time lag between reporting and recording. This immediately alerts recipients of reports and eliminates much of the reconciling activity that may ensue. Even if there are reconciliations to be made, recall is easier and can be depended on to make records more accurate or precise.

Much of the qualified transactions and accounts reported by COA pertain to the accounts that are merely responded to by OFM. Fees from passport services, utilization of working funds, conversion or collection rates used receivables from agencies with attachés many others.

There is difficulty in reconciling these accounts as OFM will have to trace transactions from source. Since the sources are FSPs and RCOs, the distance makes verification and review of accounts difficult. Analyses of accounts and monitoring, at least of cash balances, are not yet in place.

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<sup>23</sup> Among the recommendations to render effective accounting, monitoring and analyzing financial transactions of DFA, was to centralize accounting at the OFM. Included in the centralization of all accounting transactions is the maintenance of foreign account balances of the FSPs to avoid incurring forex differentials that must be monitored reported and continually analyzed and reconciled between the posts and OFM. At the least, there will be no lag time between funds utilization and reporting and at best, no COA findings or qualifications on un-reconciled and/or undetermined forex differentials will  
Centralization of financial and accounting transactions at the head office, except for small infrequent or undetermined expense items – which can be addressed by imprest petty cash balances at the POSTs -will likely eliminate dated, un-reconciled and indeterminable balances\* that places the integrity of the financial condition of DFA in doubt.

\*From COA report of 2010.

#### **3.4.4. Financial Processes of Attachés (e.g. DOLE, DSWD, DA, DTI and DND) vis-à-vis FSPs**

Once at the post, the attachés, most of the time, set up offices at the FSPs. Except for DOLE, DND and DTI, that assumed that utilities costs are reimbursable to DFA, the rest of the agencies with attachés do not have existing arrangements with DFA on cost sharing for operational expenses. Even if aware of reimbursing the DFA for utilities' costs, the agencies expect a billing to be initiated by DFA before compensating DFA. Since DFA booked receivables from the various agencies, without any billing or statement from DFA, the obligations are not recognized by the agencies with attachés. There is no uniform charging and no conformity by the agencies with attachés on what may be charged and reimbursed to DFA.

The various agencies with presence at the Posts prepare their respective budgets independent and separate from the budgets of the FSPs. Even with a One Country Team Approach, the genesis of similar activities at the posts, the budget, is not harmonized. No input from the various agencies is considered by the FSPs in the preparation of their budgets and, conversely, the concerned agencies do not get inputs from FSP or DFA for its own budget.

As each agency sees a need to post attaches at the various FSPs, an attaché is sent at the posts. The Heads of the FSPs merely act as hosts to the agencies with attachés' representatives. There are agencies, too like the DOLE and DTI that rent and hold office separate from the FSPs. The daily interaction that occurs when the FSPs play host to the agencies with attachés is absent where the agencies operate in separate locations.

The head offices of the agencies with attachés have yet to regularly coordinate with their counterparts at DFA home office to harmonize/synchronize and operationalize the One Country Team Approach. According to the agencies with attachés, responses to crises allow the DFA and FSPs and the agencies with attachés to address crises but only in reaction to the occurrence and on an ad hoc basis. The representatives from the various DFA and the agencies with attachés conceded that these are the occasions when the One Country Team Approach operates.

Differing implementing procedures are adopted by the agencies with attachés when it comes to setting up working funds for their attaches, and the procedures follow:

- DOLE provides the attachés a working fund equivalent to their three month budget and as the budgets are drawn down, these are replenished upon reaching a minimum balance;
- DSWD provides its attachés, one in Malaysia and in Riyadh a working fund equivalent to three months. DSWD allows the working funds to be utilized and only remits funds for the subsequent quarter;
- DA provides a three month working fund and its attachés are mostly with multilateral agencies;
- DND provides a monthly working fund, a recent development on account of the many changes it effected recently, that it replenishes once the attaché has liquidated the advance fully; and
- DTI provides for a fund for maintenance and other operating expense only. Salaries are remitted to the attachés directly from the head office.

DFA allows building up of working funds by FSPs from retained collections from consular activities. Fiscal reporting is ten days after the end of the fiscal period.

### **3.5. Passport Services**

The DFA Office of Consular Affairs (OCA) submits a budget for accountable forms that includes MRPs, MRRPs and E-passports. With a new passporting system in place, the blank MRPs and MRRPs are kept at OCA and the blank E-passports are kept at the OCA E-Passport Personalization center (EPC) at the BSP SPP complex at Quezon City.

The blank MRPs and MRRPs that are with OCA are issued, according to OFM, for extremely urgent passport applications which cannot be met by the E-Passport turnaround time. It cannot be ascertained how DFA determines or identifies clients that have very urgent needs for passports much earlier than the E-Passport turnaround time and how much the clients are charged for immediate access to passports.<sup>24</sup> Likewise, it has not been determined if coordination with other government offices have been made with respect to the differing passports to allow the other government agencies to respond to nationals regarding accessing a seemingly “fast lane”.<sup>25</sup>

Presently, for Passports, OCA is responsible and accountable for procurement, processing of passports, inventorying the old MRPs and MRRPs, head office passport services and transmitting passports to RCOs and FSPs (Figure 3.6). OCA, when designated OSEC alternate, is charged with the determination of the passport and other consular fees, among others.

From the DFA officials, budgets for the procurement of the MRPs and MRRPs have been provided for in the 2013 budget. It is unknown when the MRPs and the MRRPs will be finally phased out.

As it is, there appears to be two systems instead of just one in the past for passporting services.<sup>26</sup> The old one was using the MRPs and MRRPs and the current are the E-Passports. This has implications on manpower, other costs and monitoring aspects for inventoried blank passports and holders thereof. There is significant manpower devoted to passport services (Figure 3.7).<sup>27</sup> From the DFA plantilla, about a third is with the consular services section and another fourth with the administrative section. Given the number of personnel devoted to the administrative and consular offices, there is sizeable revenue generated from passport services alone. The procurement, transmission of the physical passports to various offices and finally to its redemption is undertaken by the administrative division, by OCA, principally and OFM for the recording and accounting.

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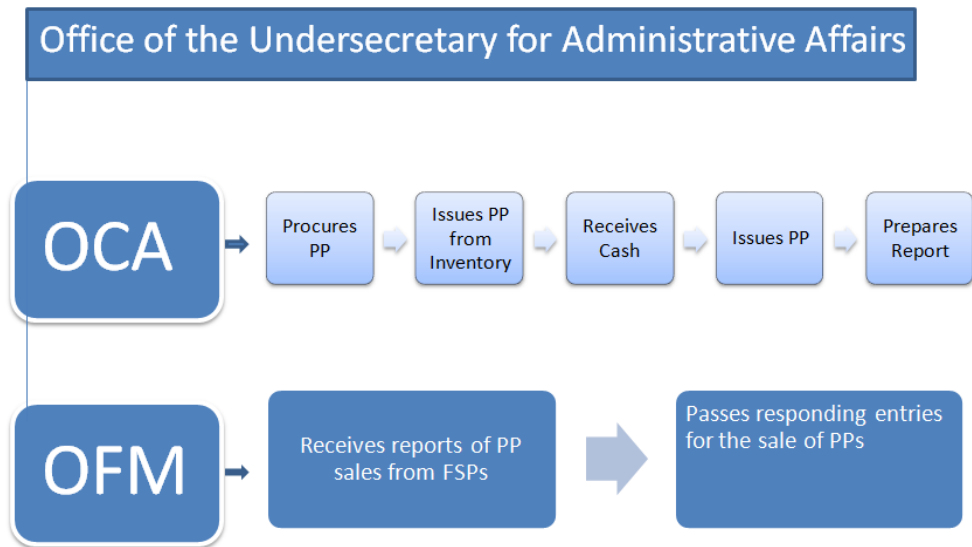
<sup>24</sup> The circular on the issuance of MRPs was not available at the time of the engagement.

<sup>25</sup> No available circular or memorandum agreements concerning DFA passports of consular policy was reviewed nor discussed during the consultations.

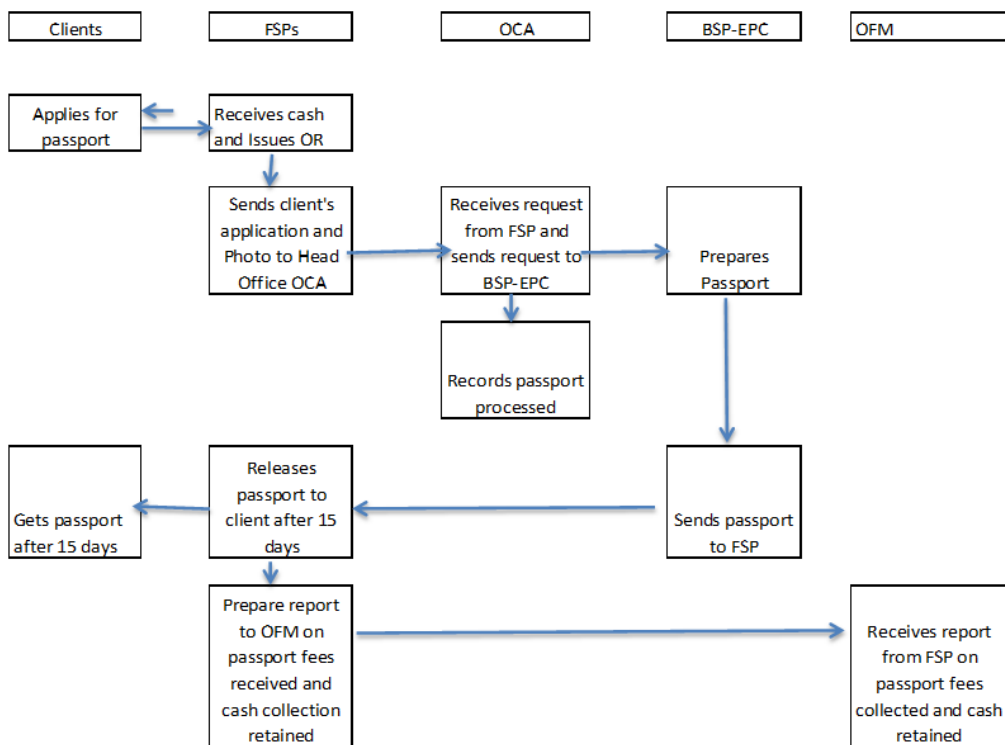
<sup>26</sup> There is no doubt about the implementation of the ePassport system at the Home office and FSPs. The existence of the MRRPs and MRPs, inevitably lead to having to mind issuances of the latter alongside ePASSPORTS

<sup>27</sup> The increase in personnel noted was with respect to the DFA Head Office Sector tasked with passporting services only. This was also the beneficiary of the automation project for passport services.

**Figure 3.6 Passport Activities for MRPs and MRRPs**



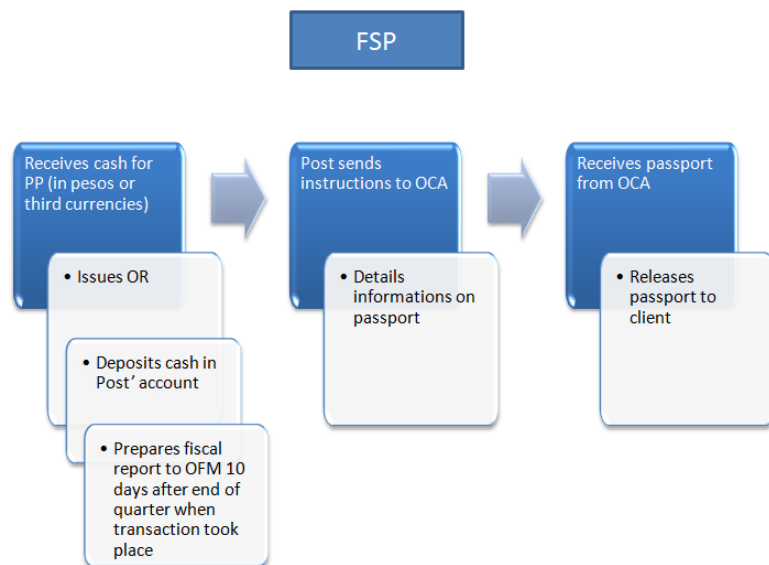
**Figure 3.7 Passporting Procedure for E-Passport**



The process flow at FSPs for passport transactions is shown in Figure 3.8. FSPs receive physical passport from OCA, reports cash received from clients to OFM. Time lag between payments at point of application to time of release is about 15 days turnaround time for reporting to OFM.

OFM is responsible for receiving the fiscal reports of FSPs that indicate, among others, amounts received from passport applications. The budget office, meantime, deducts amounts received by FSPs from respective allotments against passport proceeds retained by the FSPs.

**Figure 3.8 FSP Passport Workflow**



At any time, the amounts of the passports versus the funds received by DFA and its offices do not tally. The reasons follow:

- a. Clients pay upfront before the passports are delivered.
- b. It takes at least two weeks before the passports are delivered to client.
- c. Passports sourced locally are charged a uniform rate of P950 and those abroad are at \$60 or its third currency equivalent.
- d. There are two offices handling and accounting for passports, OCA and OFM. There are lag times between physical transfers and payments and receipt of reports from various DFA offices on passporting transactions.
- e. No monitoring of physical passport and corresponding cash takes place on time and real time to eliminate any deficiency and differences in cash balances.

In 2012, P 3.2 billion was generated from passport services of this amount; P 1.5 B is attributable to the consular activities of the FSPs. Because of the retention of collection at the FSPs

and RCOs, this amount was kept as working funds from passports alone, at the FSPs. While DFA budget appear to be declining, the passport services and other consular fees are increasing.<sup>28</sup>

Annex C presents a report from DFA OCA on how outsourcing various activities in the process flow of e-passporting can be effected.

### **3.6. Opening and Closing of Posts**

In early 2011, the Department of Foreign Affairs announced that seven embassies (i.e. Bucharest, Caracas, Dublin, Havana, Helsinki, Koror and Stockholm) and three Philippine Consulates General (i.e. Barcelona, Frankfurt and Saipan) were to be closed with the aim of *“redirecting the resources of the Department of Foreign Affairs to areas which needed reinforcement or strengthening and to help retool the Foreign Service corps”*.

The Technical Working Group formed to assess the Foreign Service Posts used the Three Pillars of Philippine Foreign Policy and the criteria for establishing Posts outlined in Section 12 of RA 7157 as lens in identifying which post to close:

#### **1. National Security**

- 1.1. Lack of or decreasing cooperation on political matters (indicated by a relatively low number of bilateral treaties and agreements);
- 1.2. Lack of bilateral exchanges at multilateral and regional fora; and
- 1.3. Lack of reciprocity

#### **2. Economic Security**

- 2.1. Negligible and stagnant or decreasing volume of bilateral trade and investments, and where prospects do not appear favorable and
- 2.2. Nil or low or stagnant tourism arrivals

#### **3. Protection of the Rights and Promotion of the Welfare and Interest of Overseas Filipinos**

- 3.1. Negligible or decreasing number of Filipino citizens.

Accordingly, the Posts were said to have small Filipino populations who are mostly either permanent residents or have acquired citizenship from the host country and thus require minimal Assistance-to-Nationals services. In particular, the need for the European Posts is reduced by the extensive European Union (EU) labor laws that safeguard the rights of foreign workers and the European social welfare system contributes to the efficient promotion of the welfare of Filipinos. Likewise, the sizes of trade in all of these posts are also relatively small.

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<sup>28</sup> OFM can ask all departments to submit reports but OFM is created not to simply remind departments to submit reports but to account, monitor and analyze accounting data as well as reports of the entire DFA.

OFM is impeded in doing such for the following reasons:

For passporting activities, OFM merely receives reports from FSPs of issued passports, at any one time, the data needs reconciling with that issued by BSP e passport which is under OCA. The triangulated accounting and monitoring aspect of the passporting services (OCA, FSPs, OFM) creates a need to determine the office responsible for determining how many passports were requested, paid for and actually issued.



It was noted that the resources acquired as a result of the closure *“will be realigned towards the strengthening of other Posts particularly those that have numerous Assistance-to-Nationals cases such as in the Middle East. The strengthened posts will now have better capability to serve those who do not enjoy equal application of local labor laws. Furthermore, the closure will allow the Department to have the budget to retool personnel in order to enhance their knowledge and skills”*.

According to DFA, the closing of post was not intended to generate public savings but simply to redirect resources. This is certainly true because the estimated 70 personnel<sup>29</sup> affected by the closure of Posts were transferred to other Posts and therefore did not really generate actual real savings for the government.<sup>30</sup>

The six indicators or criteria used by DFA to identify the posts for closure did not include any weights and thus it is difficult to ascertain which ones were prioritized. For instance Tokyo PE generates the 3<sup>rd</sup> highest number of tourist arrivals facilitated by 57 personnel (the highest among all Posts). However, Seoul PE generates the highest number of tourist arrivals with only 20 personnel while Berlin PE which is ranked number 11 in terms of tourism arrivals has 19 personnel. Could increasing the personnel efficiency of Tokyo PE to the level of Seoul PE be an alternative strategy to the closing of small Posts?

In another example, Berne PE serves almost the same number of Filipinos as Koror PE but Koror PE generates positive trade surplus while Berne PE does not. If trade and tourism is the government’s priority, strengthening trade with Palau would make more sense considering its positive trade surplus. However, the indicators for closing of posts did not signify any priorities.

It was noted that the extreme importance of Berne PE is justified by the *“position, power and clout of Switzerland”*. Indeed this may be a vital perspective that is easily comprehensible to people in the Foreign Service. If political diplomacy is the government’s priority, then keeping of the Berne Post would certainly make sense. Unfortunately, it is quite vague to others who are uninitiated and who therefore raise the questions, *“What benefits does the Berne PE actually generate for the country?”* and *“In the criteria for closing of posts, in which indicator does Berne PE score highest to justify its existence?”*

It should be noted, however, that this analysis is based on the documented criteria for opening and closing of posts. Perhaps the study undertaken by DFA on the closure of the different posts would have provided more comprehensive criteria but unfortunately this was not made available for the study.

Solely based on the criteria, it would seem that intangible factors such as the diplomatic or economic potentials or opportunities that the posts can realize, have not been given equal consideration as the tangible factors such as the number of Filipinos served. This finding may also reflect the inadequacy of organizational performance metrics of the posts. And thus, this report notes the need to revisit the criteria for opening and closing of Posts.

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<sup>29</sup> The 70 personnel are the Officers (18) and Staff (52) and do not include the local hires.

<sup>30</sup> The amount involved consisted of Php295,531,000 from personnel services (7% of total PS for all Posts), Php129,852,000 from MOOE (8% of total MOOE for all Posts) and Php 6 million from capital outlay (8% of total for all posts).

### 3.7. Findings and Recommendations on FSP Work and Financial Operations

Based on the discussion of the work and financial operations of the Foreign Service Posts, the following conclusions and recommendations are forwarded:

#### 1. Operationalize the One country Team Approach and include a DBM representative as a member.

The work involved in implementing the three pillars of foreign policy involves different actors with particular expertise, not just the personnel from DFA. Thus, close coordination and networking is critical to the success of the Philippine foreign policy. However, it appears that Posts personnel are sometimes not aware of the activities of attachés and vice versa. The One Country Team Approach can help ensure that DFA personnel are aware of the functions and programs of the other agencies with attachés, updated on general statistics of the Philippines (e.g. unemployment rates, skills available) so that they can match it with opportunities for placements abroad and knowledgeable about opportunities in the Philippines to enable them to become good salesmen.

Further, there is also a need to somehow quantify the contributions of each agency with regard to each of the three pillars of foreign policy. Collectively, FSP Heads and the different attachés should undertake a study to quantify the respective value addition of their work in specific stages of the value chain of foreign policy vis-à-vis the value addition of the attachés. This would help establish the benefits created by having a Post in a specific place.

In addition, the independent and uncoordinated preparation of budgets and work plans of the FSPs and the attachés must be eliminated and this can be done through the One Country Team Approach.

#### 2. Rationalize and Harmonize Human Resources assigned/hired at various posts

Majority of staff in posts are assigned to do routinary and administrative tasks and only one or two personnel are assigned in the more difficult work of providing ATN services. At the same time, about three-fourths of budget of FSPs are earmarked for personnel services and about 90% of this PS is for overseas allowance and living quarters.

Since a large proportion of Posts' budget go to personnel allowances, it is critical to ensure that the overseas personnel are assigned in more substantive and high value-creating activities such as creating diplomacy and providing Assistance-to-Nationals. At the same time, it is also critical to find the Pareto Optimum in terms of the number of personnel in the certain Posts i.e. ***reducing the number of personnel in Posts without reducing the benefits and services provided to the Overseas Migrant and Worker Filipinos.***

There are maybe two clear options to attain this goal: outsourcing routinary and administrative work and maximizing the use of business and IT technology. Outsourcing routinary and administrative work to either home office or to a BPO company can potentially reduce the number of personnel assigned in routinary and administrative. Maximizing the use of business and ICT in providing routinary services to clients also has the potential to drastically reduce the

need for people providing administrative services (e.g. online forms, direct payment of passport fees to banks, among other services).

Obviously, DFA particularly OPAS already recognize the applicability of outsourcing in certain areas since it has done this at the Home Office. It maintains however that there is a need for caution on implementing outsourcing without the necessary preparation and studies to identify possible conflicts as well as convergence of interests. It also underscores the need to find the correct mix of seeking private sector profit vis-à-vis delivery of public services.

### **3. Standardize establishment of working funds at the various agencies with attachés including the FSPs.<sup>31</sup>**

This recommendation is similar to recommendation number 2 but rather than focusing on human resources, it focuses on working funds. To address the issue on working funds arising from retention of proceeds from consular services including passports, costs especially of manpower, systems and monitoring of physicals and fees, two options are recommended:

- The use of technology, SAP in particular, to track physicals and cash or payment of fees through online or SMS; and
- Outsource part, if not all, of the passport services and focus instead in monitoring and attending to the “real” consular and other services of HO and the posts, RCOs included.

In the second option, it is recommended to undertake a financial analysis of the cost of producing passports versus the amounts charged the clients. From the data given by OFM and OCA, cost of producing the passport, just the physical form without other overhead costs is P650 as against P950 and P240 for locals and foreign clients, respectively.

It would be advisable to look beyond the manpower costs and other overhead expenses attendant to passports. The most debilitating expense, the author sees from DFA keeping the function is devoting very good diplomatic resource to a highly repetitive, frequently recurring administrative transaction which may be devolved or outsourced or if that is not feasible, acquire a better technology to track physical and cash simultaneously.

### **4. Centralize accounting and monitoring at the Home Office (i.e. OFM)**

Presently, however, with technology, funds may be transferred anywhere in the world online and real time negating the need for retaining significant amounts at the posts. It may be more efficient to centralize and account for the funds at the head office headed by an experienced/seasoned accountant. This will eliminate time lags between the transaction date and the reporting /accounting date negating any reconciliation or differences in currency conversion rates. At best, this arrangement will avoid, at any time, exceeding allocations beyond what is authorized by law.<sup>32</sup>

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<sup>31</sup> This can be addressed by the program for passporting services. Nonetheless, no one department is tasked with reconciling the difference of unmatched physicals and cash.

<sup>32</sup> There is no basis for determining FSPs cash balances at any one time. Cash balances arise from collections for consular and other services which are ostensibly commingled with funds coming from remittances at the head office.

This scheme will address a timely conduct of financial audit with accounts readily verifiable erasing doubts on the completeness and accuracy of the balances of accounts affected.

**5. Allow write offs of accounts more than ten years old, but continue the investigation and collection efforts.**

**6. Rationalize criteria for opening and closing of posts**

The present criteria for the creation or termination of Posts, although well within mandates, may need to include intangibles (e.g. political, economic and technology listening posts) and potential opportunities (e.g. opening of new markets for bananas).

Currently, though they may have a sense of it, most top policy and decision makers may not be particularly clarified on what these intangibles are. DFA has to guide them on these aspects particularly on quantifying contributions to outcomes (see recommendation no. 1).

**7. Enhance knowledge management related to FSPs**

While a lot of data are collected by the Posts, it is not well organized (i.e. information can be found in different reports and places). There is also a lack of historical data that would allow trending or forecasting. At the same time, there is a dearth of foreign policy studies that could make use of data and information that are collected or can be collected by the Posts (i.e. if they are directed to find information).

Therefore, it is also recommended that organization and analysis of data collected by the Posts be improved to make them useful for policy and development planning.

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Allocations are snap shots of what FSPs can utilize in a given budget year. Cash balances, however, are flows. Admittedly, there is a lag time between cash receipt and actual reporting.

## Section IV: International Commitment Fund (ICF)

### 4.1 Introduction

The ICF is provided for under the General Appropriations Act (GAA) and is the source of Philippine contributions to international organizations (IOs) and funding for hosting international or regional conferences. The ICF Ad-Hoc Inter-agency Review Panel, created June 2010, is co-chaired and administered by the Department of Foreign Affairs (DFA) and the Department of Budget and Management. This was upon the initiative of DFA-UNIO to improve the administration of the ICF, especially in the preparation of the annual ICF budget. The move was prompted by the ballooning arrears incurred by PH as a result of the devaluation of PH peso against US dollars, increasing membership contributions but decreasing budget allocation, lack of a permanent review body to evaluate items in the ICF, lack of clear communication pathways, among others. However, the ICF budget is separate from the operational budget of the DFA (See Table 4.1).

**Table 4.1 International Commitments Fund Appropriation over the years (in thousand pesos)**

	International Commitments Fund (ICF)		International Commitments Fund (ICF)
1996	1,103,549	2004	1,806,584
1997	885,250	2005	1,800,584
1998	1,052,644	2006	1,900,584 <sub>3</sub>
1999	800,000	2007	1,908,084
2000	850,000	2008	1,908,084
2001	850,000	2009	1,595,215
2002	776,263 <sub>1</sub>	2010	1,677,215
2003	776,263 <sub>2</sub>	2011	3,174,820
		2012	2,683,248

1 The total ICF requirement for 2002 was Php 1,831,749,000

2 The total ICF requirement for 2003 was Php 1,755,939,000

3 The budget for FY 2006 was not passed

Source of data: Department of Foreign Affairs

The contributions are commitments or obligations of the Philippine government for the following:

1. Membership assessment in IOs – annual mandatory contributions that the Philippines pays as a member of an international organization, with the amount determined by a governing body of an international organization
2. Counterpart contributions to offices of IOs based in RP – with the amount determined by mutual agreement between the Philippines and the IO

3. Hosting of international conferences –the ICF provides supplemental funding to the appropriate agencies for hosting international/regional conferences, but hosting is subject to the approval of the President in accordance with the Special Provision No. 2 of the ICF.

Due to the need to optimize utilization of limited government resources and optimize benefits vis-à-vis costs, the Ad Hoc Interagency Review Panel composed of the DFA (chair), DBM (Co-Chair), Department of Finance, National Economic Development Authority and the Office of the President as members has been constituted to review administration of the ICF.

The Review Panel is tasked to evaluate the budget requests from focal agencies for funding under the ICF based on established guidelines; conduct consultations with these agencies to support its review and evaluation tasks; recommend to DFA Secretary for endorsement to DBM the corresponding budget proposal for ICF appropriations required for the ensuing year; and recommend measures to improve the administration and management of the ICF.

#### 4.2 Process Flows of Transactions: Input-Process-Output-Outcome

Based on the discussions and review of reports of various line agencies, there are three processes involved in membership assessments, counterpart contributions and hosting of international conferences: 1) requests by Heads of Government Agencies to enter into new commitments and/or hosting of international conferences; and 2) budget preparation; 3) release/disbursement of funds. It is also important to have an understanding of the procedures involved in the management of the ICF.

In this regard, the Input-Process-Output-Outcome framework introduced in Section II of this Report is used here in order to track resources and products or services within the DFA for this ICF review (Table 4.1).

**Table 4.2: Input-Process-Output/Outcome Template**

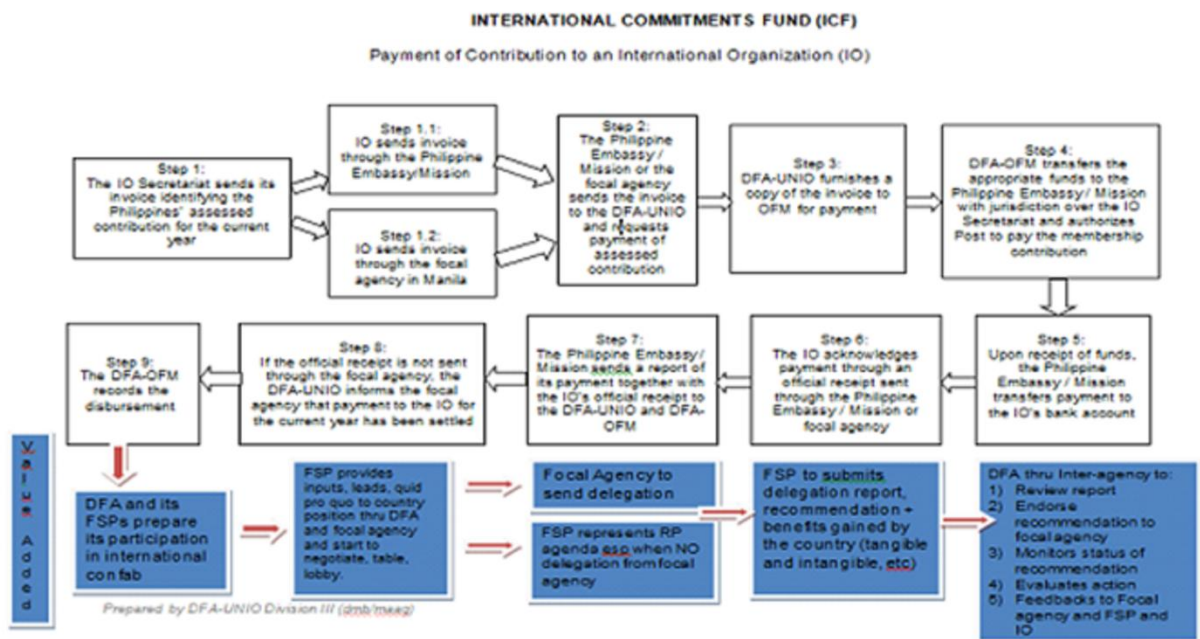
SAMPLE ICF METRICS			
Input	Process	Output (tangible, intangible, direct and indirect)	Outcome
Hosting Conferences  Budget: Personnel, experts Operations and Maintenance Capital (if any)  Membership Contributions	<ul style="list-style-type: none"> <li>• Preparatory research on country strategy for assessing Philippine net benefits or cost effectiveness</li> <li>• Conduct of or attendance at conferences and meetings: extent of networking created, projects proposed to benefit the Philippines</li> </ul>	<ul style="list-style-type: none"> <li>• Amount of Philippine projects funded through meeting or conference (scholarships awarded, facilities set up, institutional linkages created, etc.)</li> <li>• Realized net benefits or cost effectiveness measures</li> <li>• Productivity or efficiency of projects</li> <li>• Project output indicators relative to benchmarks including timeliness and consistency with PDP 2011-16 goals</li> </ul>	<ul style="list-style-type: none"> <li>• Welfare indicators of economic development, including human rights</li> <li>• Effectiveness</li> <li>• Positive Image projected; other intangibles</li> <li>• Safety and security; peace and order</li> </ul>

It shows sample metrics of both hosting of conferences and payment of membership contributions, from the budgetary *inputs* involving human and other resources, through the *processes* of conceptualizing and quantifying the benefits to the country, and getting *outputs* and achieving *outcomes* consistent with the President’s Social Contract, the PDP 2011-16, etc. Table 4.2 shows a sample filled up template.

#### 4.2.1 Inputs

In addition to the approved budget, the DFA provides its Foreign Service personnel, expertise, physical space and other resources in the administration of the ICF and in having the budget approved by Congress and Senate for each IO membership and international conference to be hosted by the Philippines. In terms of representation to international conferences, the FSPs represent the country to advance its agenda which should be clearly aligned with the President’s KRAs as further supported by the PDP 2011-16 goals. In addition, the FSPs also represent focal agencies that cannot send delegation to a particular international or regional conference (See Figure 4.1). The DFA-FSPs also help lay the groundwork for negotiations including entering into quid pro quo arrangements through corridor, informal and formal meetings. This however, is not clearly reflected in the cost-benefit analysis.

Figure 4.1: Value Added of DFA-FSPs



**Table 4.3 Sample filled up Input-Process-Output-Outcome Matrix**

ICF/ Conference	INPUT	PROCESS	OUTPUT			OUTCOME
			Tangibles		Intangibles	
			Direct	Indirect		
ASEAN Infrastructure Fund	P261M		Davao Mass Rapid Transit (Amount?)  Efficient transport system (time savings)			Improved local economy
United Nations Regular Budget	P112,877,000  Mission personnel				Advanced national interests in various social, economic, political areas	Developed friendly relations and helped maintain international peace
2 <sup>nd</sup> International Conference on ASEAN Community Building 2012	P7,2265,900.00  Staff, office, skills,	Submit Request approval for ICF funding of conference	Increased number of project proposal submissions and value of funding from various ASEAN programs accruing to the Philippines	Number of staff of Philippine agencies underwent project proposal writing workshop	Created awareness of the available resources and funding opportunities provided by ASEAN Dialogue Partners	Rapid, equitable and sustained economic growth
Asian Development Bank	P629,545,000		Voting power 2.21% Total Share: 2.39% Regl share: 3.8%  PH has 6.3% of ADB's total non-sovereign operations and 8% of ADB's total sovereign lending.	Number of local consultants hired by ADB (one of the largest suppliers of consultants)		Rapid, equitable and sustained economic growth



However, it should be noted that there is only one desk officer at the United Nations and other International Organizations (UNIO) assigned to coordinate with other focal agencies and FSPs and compile the requests with justifications of each requesting agency and FSP. While a good beginning, the matrix of benefit-cost analysis compiled by UNIO from dozens of agencies and submitted to this ZBB research team, lack systematic conceptualization and quantification needed to weigh the benefits against the costs. This emanates from the fact that both the FSPs and the focal agencies also lack the required skills in economics or strategizing capabilities that would enable the country to leverage its IO membership in e.g., Asia Pacific Economic Cooperation (APEC) Center for Training on Small and Medium Enterprises (ACTETSME) (See Annex E: ACTETSME caselet).

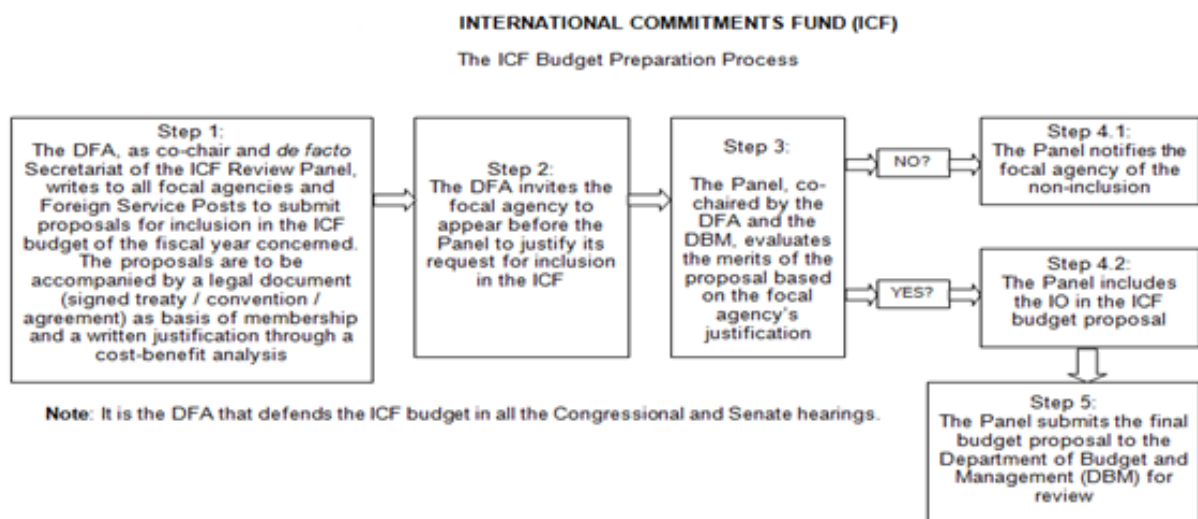
The DFA noted that the ICF Review Panel recognizes the need for focal agencies and FSPs to revitalize their annual cost-benefit analyses to reflect the benefits gained by PH from participation in international organizations. To address this concern, the Panel is looking at revitalizing the ICF Form 1-a and prescribing a more comprehensive cost-benefit matrix.

#### 4.2.2 The process of ICF: Pledging, Budget Preparation, Payment, and Access of Funds

##### The request for approval of Pledging

Based on the President’s Memorandum Circular No. 194 i.e., standard procedures in entering into new commitments or making pledges to International Organizations or hosting of International or Regional Conferences, a number of procedures should be complied with, starting with the requests of focal agencies (See Figure 4.2).

**Figure 4.2: ICF Budget Preparation Process**



##### Budget Preparation

The Heads of Government Agencies should submit their requests to enter into new commitments to the DFA Secretary which shall be supported by a justification in the form of a cost-benefit analysis. This is done every first quarter of every year. This is the part of the entire input-

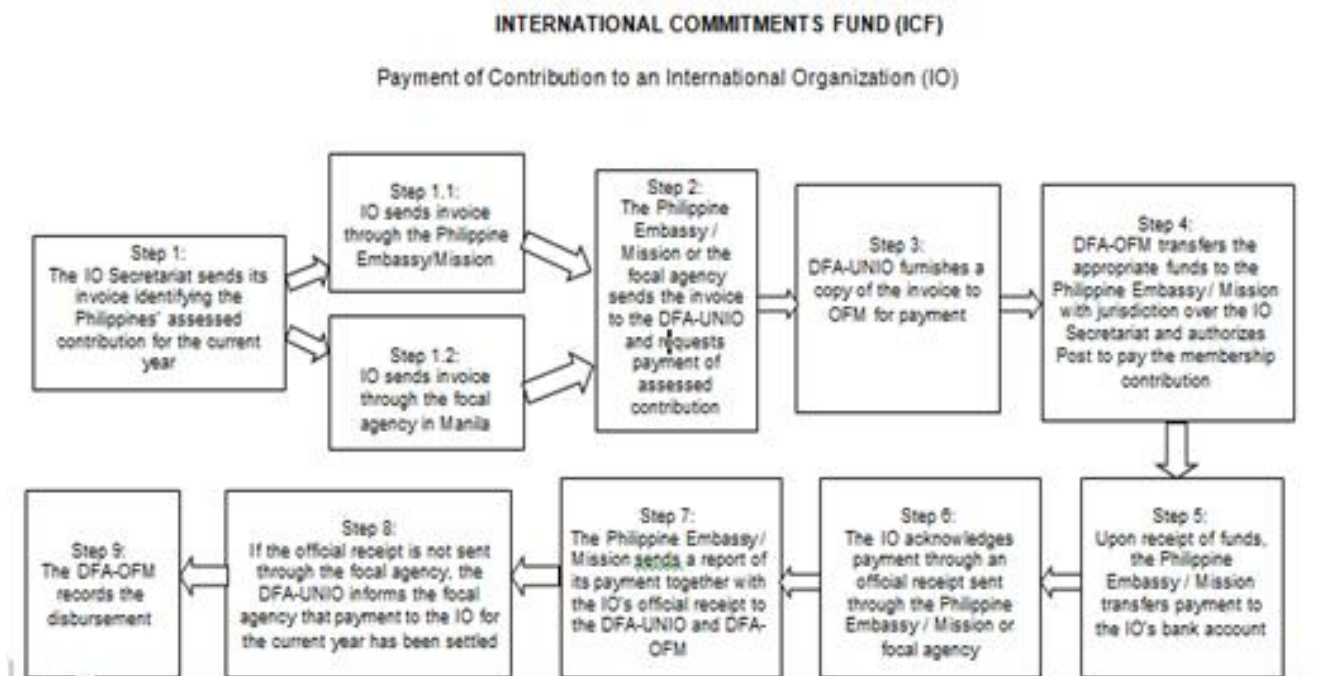
outcome flow that deserves attention of more than the accountants and finance experts in the review panel. Absent any clear identification of the net benefits to the country, or very credible cost effectiveness justification, no budget request should in fact be made at all. Clearly there must be proactive sub-steps under Steps 1 and 2 to help agencies understand the entire BCA or CEA; otherwise, precious time is lost in preparing proposals with no economics sense.

The DFA Secretary shall then submit its recommendation on the propriety of entering into a new commitment or making new pledge to an IO including budgetary implications to ICF Ad Hoc Review Panel within 15 working days from receipt of the request. The Review Panel shall submit its recommendation to the DFA Secretary.

The DFA Secretary shall submit its recommendation to the Office of the President for approval. If the proposal is approved, the membership contribution is included in the ICF budget proposal and submits the same to the DBM. The DFA defends the ICF budget in all the Congressional and Senate budget hearings. The DFA would have a stronger defense if the focal agencies or FSPs concerned would be present in the hearings as experts.

However, it should be noted that while there is a standard template for the cost-benefit analysis, based on the summary matrix the DFA-UNIO submitted to the ZBB research team, the justification lacks systematic identification and quantification of the benefits accruing to the country in general and to the President’s priorities in particular. There is no clear mention of the costs or budget for a particular IO membership that could be compared with the benefits described, for example.

**Figure 4.3: Payment contribution to an IO**



Per the DFA, although the Panel is aware and is willing to address the challenges, the Panel deems it more urgent to have the draft Executive Order institutionalizing the Panel and the draft

joint circular in accessing ICF for hosting of international conferences signed first. The draft joint circular is a big step in rationalizing Philippine hosting of international conferences because it requires the submission of a Post-Conference Output Integration Plan (PCOIP) and alignment of the international conference with at least one of the President’s KRAs.

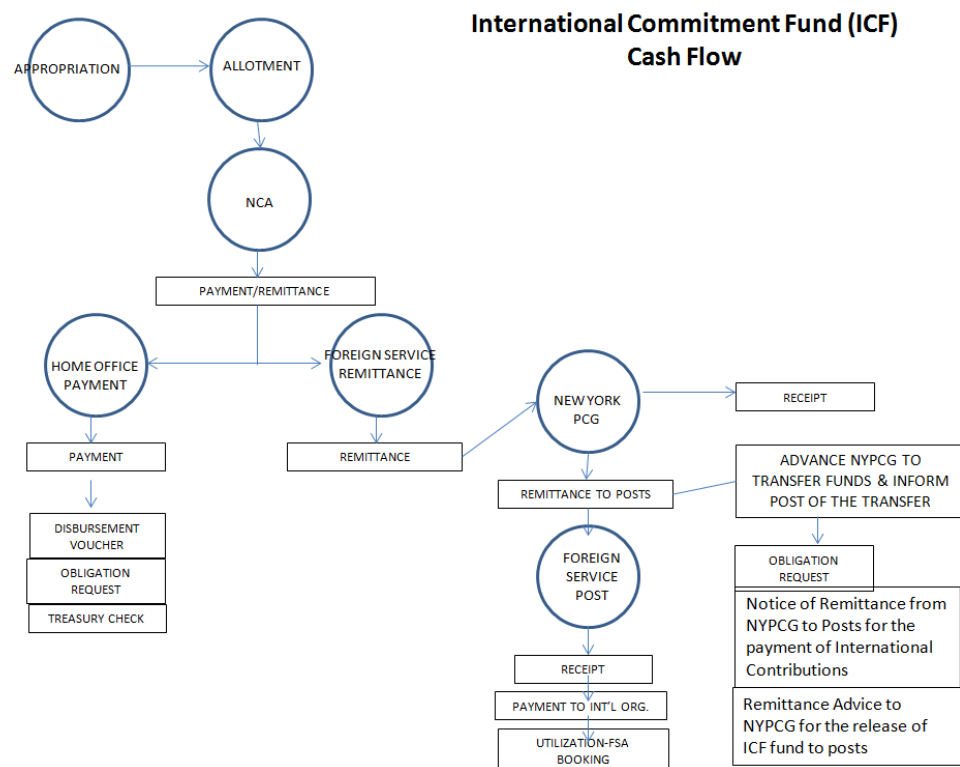
In addition, the Review Panel is an ad hoc body that lacks the mandate and resources that would enhance its authority as the prime policy-making and recommendatory body on all ICF matters. Thus, the DFA also finds it hard to coordinate, follow-up and enforce standardized formats or templates; to some extent, this may be the reason for the budget inefficiencies of agencies. Indeed, a system-wide understanding of BCA or CEA is needed for any ZBB effort across the government, starting from the DBM to all executive agencies.

To address this concern, the Panel has drafted an Executive Order to institutionalize its role in the administration of the ICF. The draft EO identifies the members of the Executive Committee, the Technical Working Group (TWG), and the Secretariat of the ICF. The draft has been circulated to relevant offices within the DFA for comments. Then it will be circulated to the Panel members for comments before submission to the Office of the President for approval.

Release of ICF funds (See Figure 4.4)

After approval of the ICF budget by Congress and its inclusion in the GAA, the DBM releases the appropriated funds from the ICF to the DFA. The DFA then remits the payment to various IOs but it should be noted that all payments to IOs go through the Philippine Consulate in New York (see Figures 4.4). This system has been practiced by the DFA for the longest time.

**Figure 4.4: Release of ICF Contribution**



The Philippine contribution is based on the invoice sent by the IO's Secretariat through the Philippine Embassy/Mission of the focal agency in Manila (See Box 5: RP Contribution to the UN Regular Budget). It should be noted that in every delay of remitting payment to IO, the country is at the mercy of exchange and remittance costs. Payment in peso would avoid such a situation and more efficient way of remittance or transfer of payment of contribution should be looked at e.g., direct payment to IO.

However, the DFA noted that membership contributions to IOs are assessed in foreign currency (US dollars, Swiss francs, Euro, Australian dollars, etc.) because they are based abroad. Even their budget allocation and expenses are quoted in their respective local currencies. Hence, Member States like the Philippines are expected to remit their contributions using the local currency of the IO concerned.

**Box 5: RP Contribution to the UN Regular Budget**

The UN sends its invoice to the DFA through the Philippine Mission in New York (PMNY) showing the assessed contribution (by the Fifth Committee of the UN General Assembly) of the Philippines as well as the bank account details for payment of contributions. Then, the PMNY transmits the invoice to the DFA-UNIO for appropriate action. The DFA-UNIO forwards the invoice to the DFA-Office of Fiscal Management (OFM) to process payment. DFA-OFM transfers funds to PMNY via Philippine Consulate New York (PCG NY) thru signed fax instructions and authorizes post to deposit RP payment of membership dues to the UN bank account. Upon receipt of payment, UN acknowledges the RP payment through an official receipt. PMNY reports its receipt of payment to the UN to DFA-OFM and UNIO. DFA-OFM then records the disbursement. DFA UNIO also furnishes with copy of official receipt the focal agency of the settlement of payment.

Only the counterpart contributions to IOs based in Manila are remitted in Philippine peso and are paid for in monthly installments annually. In addition, the DFA stated that direct payment to IOs may result to the possible lapse of monthly NCA (if not utilized) and remittance of cash through Land Bank of the Philippines (buying of dollar). IOs that are based in the Philippines are paid in pesos, while foreign-based IOs are paid in dollars or third currency. There are instances when the NCA may be smaller than the actual billing due to FOREX fluctuations.

Access of ICF Funds for hosting international conferences:

Under a proposed new set of guidelines in accessing the ICF for hosting of international conferences, the international conferences should be aligned with the priority development areas of President Benigno S. Aquino III. Justification of hosting should include i) rationale and description of the meeting (dates, venue, objectives, background of the meeting, etc.); ii) legal basis e.g., treaties, alignment with one or more of the five KRAs of the President's Social Contract with the Filipino People; iii) expected outcomes; iv) Post-Conference Output Integration Plan (PCOIP); v) participants; vi) tentative program of activities; vii) indicative budget and work program. However, it should be noted that the submissions by the focal agencies lack the necessary quantitative metrics of the outputs including a clear expected outcome.

One example of accessing the ICF is the DFA's proposal for hosting the 2<sup>nd</sup> International Conference on ASEAN Community Building 2012 in May 2012. The total budget requirement was P7.2 million. The DFA stated that hosting the conference was beneficial to the country and its objectives and outputs were aligned with the President's key result areas (KRAs) namely, a)

transparent, accountable and participatory governance and c) rapid, equitable, and sustained economic growth. The projected outputs included 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. However, these expected outputs were not quantified e.g., number of project proposals to be submitted, number of staff to be trained, etc.

According to the DFA, ASEAN is always confronted with many difficulties in the preparation and implementation of activities and projects under the ICF, starting from approval, release and liquidation of expenses as well as with the non-automatic release of needed budget/funds. If the funds for a specific activity/purpose are released automatically, the undertaking of the preparations for venue, logistics, etc. would be smooth and less time consuming, paving the way for the prompt and orderly conduct and/or hosting of events/activities that ASEAN is mandated to implement. ASEAN believes that an automatic system of budget releases for ICF-sanctioned activities would suit well ASEAN's peculiar needs.

#### **4.2.3 Outputs**

The outputs from the membership in each IO should reflect both tangible and intangible benefits. The current cost-benefit analysis template (if such is circulated to agencies), does not clearly show the net benefits derived from each membership, either tangible or intangible (which should also include direct and indirect, pecuniary and non-pecuniary benefits or costs). Most of the reports present qualitative description but fails to link intangibles and indirect outputs to quantifiable results, e.g., linking promotion of RP interests in international peace and security with increase in the country's trade and investments; voting powers of RP to RP development agenda e.g., RP's access to ADB technical assistance and funding facility.

In this regard, the DFA agrees that the lack of manpower and knowledge on economics, econometrics, etc. is one of main problems of many focal agencies that is why BCAs and CEAs submitted to the DFA during the budget preparation stage are not as comprehensive and quantified as they are supposed to be. Trainings on BCA and CEA formulation as well as econometrics, statistics and related fields for all agencies and ICF Secretariat and Panel members are crucial. Additional manpower for the ICF Secretariat is also needed to ensure proper tasking and more efficient and effective administration of payment to IOs and monitoring of benefits all year round. There is also a need to provide training for the ICF Secretariat and the Panel to equip them with the skills needed in effectively analyzing or interpreting cost-benefit analyses submitted by focal agencies and FSPs.

Moreover, the benefits that may accrue to the country are not quantified, e.g., number of scholarships, or the amount of grant or project funding that can be linked to the President's Key Result Areas, e.g., Davao Metro Rail Transit (MRT) project, Solid Waste Management, etc..

Hence, it is crucial to highlight DFA's value addition in the ICF management, albeit mostly intangible and indirect. DFA must coordinate long-term rhyme and reason to the series of engagements in international conferences or meetings, constantly review them for continued relevance to the changing priorities of the country ( as the shift for example into more science and

technology-based agro-industries and high valued services using the creative talents of Filipinos)<sup>33</sup>. DFA and DBM have to help agencies engage in genuine BCA and CEA for future budget cycles. .

The country's membership to the United Nations is a case in point. The outputs are tremendous both in tangible benefits (scholarships, training, technical assistance) and intangible benefits (promotion of Philippine interests in international peace and security, human rights, environment, health, education and economic development) pecuniary (funding for Development of Near Surface Radioactive Waste Disposal Facility), as well as in the direct benefits (technical cooperation project in the country), and indirect benefits (positive image, goodwill). Any quantification of the direct and tangible benefits alone may far outweigh the costs (Philippine regular contribution). The UN has been one of the most vital international organizations in the advancing the President Aquino's priority agenda. However, DFA's summary report lacks the amount of funding, coverage area, target beneficiary, impact on the Philippine priority areas, etc.

#### **4.2.4 Outcomes**

Again, based on interviews, the Focus Group Discussions (FGDs) and a review of reports for this ZBB study, the focal agencies fail to define the outcomes of the country's IO membership or international conference to be hosted in the country. The DFA template seems to list down objectives of the IOs only and fails to link output with the country's vision which should be the outcome of the country's membership to each IOs or each international conference to be hosted e.g., transparent, accountable and participatory governance, reduced poverty and empowered poor and vulnerable, rapid and equitable and sustained economic growth and just and lasting peace and rule of law and integrity of the environment and climate change adaptation and mitigation. The ICF Inter-agency Review Panel's guidelines must be thoroughly implemented.

All IO memberships and hosting of international conferences should be aligned with the Philippine Development Plan 20110-2016 and each sector's roadmap. Hence, it is vital for each FSP to have an appreciation of the country's over-all and sectoral plans in order to be able to craft a strategy that would leverage RP's membership to IO in their areas of jurisdiction for the country's development. The DFA's role in advancing the country's interests is indispensable especially in pursuit of development diplomacy thrust of the present administration.

#### **4.3 Conclusion**

Funding for the ICF enables the Philippines participation in almost 100 multilateral organizations that provide unique opportunities for the country to leverage other nations' expertise and financial contributions in pursuit of shared solutions to global and regional problems in general. International organizations advance commitments to free and fair trade, respect for human rights, peaceful uses of nuclear energy, and the destruction of chemical weapons stockpiles. International organizations provide the means for nations to work together to eliminate disease, secure airports and seaports, protect intellectual property rights, reduce environmental degradation and maintain the world's postal and telecommunications networks.

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<sup>33</sup> The Philippine Services Coalition championed by the DFA during the term of one Undersecretary for Economic and International Relations, for example, has not been carried over to the priority agenda in the current administration, despite the support of several donors (UK, ITC, etc.) which sense the vast talent of the human resources of the country.

Organizations funded through the ICF account achieve real results that promote the country's strategic and economic interests abroad. Many sectors of the Philippine economy depend on international organizations for access to foreign markets and reduction of trade barriers. Philippine companies depend on international organizations for information about the supply and demand of commodities such as coconut, coffee, electronics, etc. Filipino citizens depend on international organizations for dispute resolution and application of international law in areas such as illegal migration.

International organizations are advancing key Philippine foreign policy objectives in every region of the world particularly the ASEAN and the Asia Pacific Economic Cooperation (APEC). Because international organizations leverage financial contributions from other nations, their impact can be significantly greater than that of an individual nation working unilaterally or bilaterally. Each organization funded through the ICF directly supports at least one of the DFA's pillars in pursuit of the President's Social Contract.

## SECTION V: SUMMARY AND RECOMMENDATIONS

Any zero-based budgeting exercise requires the gathering of data from various operational units in a consistent and systematic manner that allows for the calculation of both benefits and costs. The latter are what budget analysts typically focus on, but it is the former that economists require for decision-making that adheres to both efficiency and effectiveness standards.

This initial ZBB effort for two particular aspects of the work of the DFA, the operations of Foreign Service Posts and the management of the International Commitments Fund, was severely constrained by the absence of data on both counts.

Even the costs side had not been collected for time-series analysis consistently, probably due to lack of knowledge on how to use the data for management decision-making. This may have happened due to a severe mal-allocation of human resources at the DFA, where career diplomats have been tasked with administrative responsibilities not appropriate to their educational backgrounds and professional experience. The current Secretary of Foreign Affairs, Mr. Albert del Rosario has taken steps to address this mismatched competencies by training all career ministers (CarMins) and ambassadors (AEPs) at the Asian Institute of Management.

Most reports submitted by DFA to the research team for this ZBB study were prepared by officers and staff who assembled whatever data they could collect from existing internal reports in a manner that does not reflect a sense of the need to measure efficiency (inputs related to outputs) or effectiveness (outputs related to outcomes). The universal case is the lack of consistent identification and quantification of benefits that are added by DFA in a value chain that includes other agencies of government, both at home and in foreign posts; a nascent attempt at UNIO for the ICF starts with the identification step.

With this situationer, the following *general* recommendations are being proposed by the research team:

1. **Add Knowledge Management** to the DFA's planning and policy processes, including the appointment of an equivalent chief information officer supported by a professional statistician in the Home Office. In this regard, many other government agencies have been assisted through the Development Academy of the Philippines and the Knowledge Management Association of the Philippines, the former for ISO certification purposes.

A Knowledge Management system obviates the need for the permanent posting of DFA personnel in the Home Office, once tried but never successfully maintained due to the lack of political will as many interviewees suggest. This is not merely a matter of employing IT people to handle the administrative aspects of a sophisticated management information system that combines internal documentation with external databases. It requires young blood needed to appreciate changing demands of the Foreign Service faced with increasingly complex challenges, starting with the willingness to learn new ways of thinking and doing things. What is required for example may be economic intelligence gathering, then processing it internally (who knows what to do when, where, how within the DFA and the FSPs) to achieve certain goals.



Hence Ambassadors must consciously develop KM teams abroad to serve as the external environment scanners for the country, as well as process Philippine databases for effective deployment in programs and projects in the three pillars of foreign policy.

2. **Training programs on leadership and management, project management, and other related areas** including ZBB, BCA and CEA, should be continuously executed by the Foreign Service Institute along the mission statements of the DFA for personnel that are able to meet the rigorous demands of the new century. This should enable Carmins and AEPs, and even young Foreign Service Officers (FSOs), to apply private sector standards to their work environment to the maximum extent possible. (Commendably, for this ZBB study, some junior officers and staff willingly produced documentation that will help future BCA or CEA studies or their offices, e.g. OFM, OUA, OCA and UNIO ICF).

In *particular*, this research study revealed many issues for optimizing the scarce budgetary resources of the country.

3. Operationalize in the Philippines, and not only in the FSPs, the One Country Team Approach; include a DBM representative as a member to assure that agencies involved in international relations are all fully coordinated from budget preparation to the execution of plans and projects abroad.
4. On the other hand, the ICF review panel is already coordinating budget preparation in the Philippines, albeit there are important issues that have to be addressed, e.g., the need for common understanding of benefit cost analysis and cost effectiveness analysis, the training of key people preparing proposals, and minimum bureaucratic layering across agencies with the “copy furnished” documents via e-mails rather than waiting for slow-mail responses for ministerial approvals.
5. Rationalize and harmonize human resources assigned/hired at various FSPs as well as at the Home Office.
  - a. Consider re-allocating human resources across posts (as currently practiced when posts are closed) by looking at geographic desks budgets and personnel vs. the economic indicators (existing and potential trade, investment, tourism/ migration, and development partnership including from OFWs and OFs non-pecuniary contributions in terms of knowledge of markets, financial sources, and scientific and technology know-how and know-who), political considerations (listening posts contribution in providing security information including in the economic areas and cyberworld), and the promotion of the welfare and protection of the rights of overseas Filipinos.

The P15.4 m budget Office of Middle East and African Affairs, while in absolute terms the third of four global groupings, is relatively large compared to the FSPs it is servicing abroad (P1.2 b for Embassies and P198 m for Consulates); Chart 2.9 shows it has the best ratio of the four regions at nearly 80x . However, DFA can consider cost-cutting measures like hiring locally the OFs and relatives of OFWs already *in situ* who do not need costly allowances from the Home Office. Alternatively, outsourcing routinary and

administrative work or the use of business and IT technology solutions can be considered by FSPs there. Where other agencies need to extend their presence virtually or physically, the DFA must take the leadership position as head of the One Country Team.

The use of local hires can also be considered by the Americas where such staff account for only 21% of the total, compared to 37% in Asia-Pacific, 33% in Middle-East and Africa, and 27% in Europe (based on data from Table 3.1). For the Americas, the ratio of the Home Office budget to the budget of the FSPs it services is lowest at 25x (Chart 2.9) but the budgets for Consulates at P751 m is higher than the allocation for Embassies at P495 m, the only geographic grouping faced with such budgetary situation. It looks like Consulates in the Americas can use more local hires to save on the huge overseas and other allowances of those posted from Manila.

- b. There are further changes needed also in the Home Office. For example, the Home Office budget for the Office of Asia and Pacific Affairs looks disproportionately low at 42.6 x the budget of the FSPs it is servicing (compared to 78 x for OMEAA and 68 x for OEA), despite its having the largest geographic desk allocation for 2012 at P31 m (Chart 2.9) and generating the highest trade volume and FDI inflows (Table 3.4) .

Specific policy research per country must be up-scaled as the Philippines is focusing on the ASEAN and the Asia-Pacific region increasingly since the ASEAN Economic Community is programmed to start in 2015. It is not clear how FSI and the geographic desks and the ASEAN office in DFA synchronize their conduct of studies and formulation of foreign policies. DFA can perform a pivotal role in reversing the laggard performance of the economy by providing good economic intelligence on what Asian countries are planning for 2015. Our private sector needs quality information on the markets within ASEAN which will be one production base by 2015; the danger is that many Philippine companies maybe bought out by ASEAN firms especially with the interconnection of stock exchanges, thus reducing Filipinos to be mere human resource workers and managers rather than beneficial owners of locally-based companies.

- c. Similarly, the Embassies and Consulates in Europe, receiving the second highest FSP budget (Embassies get P1.5 b, highest among all geographic groupings, while Consulates get P195 m for 2012, third to Americas and Asia-Pacific) , has a higher ratio to the geographic desk budget than either Asia Pacific or the Americas (See Chart 2.9). Again, re-assessment of Philippine political, economic, and overseas nationals interests must be thoroughly made, given that *honorary consuls* number the most in that region (Table 3.9 shows Europe with the most number of HCs submitting income statements), reporting some P41 million in incomes for 2007-11 which is larger than the reported incomes of HCs in Americas and Middle-East and Africa combined. Asia Pacific HCs reported P57 m for the five-year period (Table 3.5).

Of course, these honorary consuls need to be more tightly managed especially in reporting how they share in the revenues collected for the Philippines; DFA must start consistent gathering of statistical data on activities each handles, and produce this on a

time series for analyzing efficiency indicators. For example, the incomes of honorary consuls by region show that highest in absolute terms is in Asia Pacific for the period 2007-11, dwarfing the P1.8 m Middle East and Africa, and just equaling the combined collections of HCs in the two other regions, Americas and Europe.

6. Rationalize procedures concerning the retention of proceeds from consular services by either using SAP software to track physicals and cash or payment of fees online or through SMS, or outsourcing part if not all of the passport services.

The current plan of OCA to outsource parts of the work along the stages of the management of the e-passport is commendable (Annex C); it must be seriously implemented with the end of returning trained diplomats to engage in high value-adding policy formulation and execution with wider national impact. It may of course include aspects of the consular activities and can in fact be elevated to the supervision and management of all Honorary Consuls.

7. OFM must centralize all the accounting and monitoring of FSP funds to eliminate time lags and attendant opportunity costs, which are also further affected by foreign exchange translation changes. This will allow timely and readily-verifiable audits that will result to complete and accurate account balances reporting. (This was wholeheartedly approved by all agencies with attaches present in the FGD at the DBM.) Direct Payments to international organizations rather than through the Philippine Mission in New York is suggested.
8. Allow the write-offs of accounts more than ten years old from agencies that have not reconciled their financial liabilities with the DFA on the advances paid for space rental, share in utilities, etc, but continue the investigation and collection efforts.
9. In the rationalization criteria for opening and closing of posts, allow for intangibles critical to the political, economic and socio-cultural security of the country ( via listening posts or networks of OFs and OFWs) and also for *potential* benefits that may arise from well-designed programs targeting specific markets or issues. Use of *existing* trade, investment, tourism and OFWs and OFs data misses out on the prospects for entering new markets quickly enough to get ahead of competitors. The chief information officer of DFA should provide data to the various DFA offices to work out plans and programs for harnessing potential benefits in the light of existing data.
10. For the ICF, the role of the DFA must be radically revised so that it can add value along the whole supply chain of project conceptualization to the execution of programs arising from memberships in IOs and participation and hosting of international meetings. As co- manager with the DBM of the entire ICF process, DFA must relate all projects to national plans, e.g., PDP 2011-16, the President's Social Contract, and derivative plans by various executive agencies; these may include public-private partnership efforts in infrastructure, key priority industries, etc. Philippine leadership in social and environmental areas must be coherently planned by DFA and DBM for ICF planning; eventually, there must be tangible pay-offs to the country.

In this regard, the DFA commented that it will appreciate the assistance of DBM and the ZBB team in the drafting of a more comprehensive BCA and CEA matrices and in improving knowledge management, policy-making, and program planning of the ICF Panel and Secretariat, focal agencies, and FSPs.

As projects are pursued, ICF can be used for scaling up previous efforts so that they are spread to other sectors or parts of the country for equitable translation of benefits nationwide. Echo-seminars of scholars and participants in international meetings must be required, as part of the institutionalization effort along the chain of value creation.

The template for benefit-cost analysis (Annex D) of UNIO must be refined, and pushed to the next level of quantification by the proponent agencies. Training programs on BCA and CEA must be provided to their planning officers, similar to the second general recommendation above.

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# **The Arab Spring and the Evacuation of Overseas Filipino Workers**

**A Note on Assistance to Nationals in Riyadh PE<sup>1</sup>**

## **Introduction**

The year was 2011. It all started with a seemingly regular bit of news reported in CNN and Al Jazeera and other TV news stations – a Tunisian vendor burned himself to death in protest of the maltreatment he suffered from the police authorities on January 4. As the death of the man became public, over 5,000 Tunisians took to the streets to demand better living conditions, protest police brutality and denounce corruption in the country.

The wildfire-like spread of the political turmoil to other Middle Eastern and Northern African countries took the world by surprise. Citizens after citizens launched protests and demonstrations against their governments in more than a dozen Arab countries, later known as the Arab Spring. The Arab Spring resulted in the violent change of rulers in Tunisia, Egypt, Libya and Yemen. Civil uprisings have erupted in Bahrain and Syria (still ongoing), major protests broken out in Algeria, Iraq, Jordan, Kuwait, Morocco and Oman while minor protests occurred in Lebanon, Mauritania, Saudi Arabia, Sudan and Western Sahara.

A month after the political tumult in Tunisia, a day of revolt was organized in Libya to protest the regime of Muammar Gaddafi. The response from Gaddafi was quick and brutal. Mercenaries and even armed prisoners were deployed with orders to clear the streets of demonstrators. As the chaos engulfed the nation, OFWs in different parts of

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<sup>1</sup> This caselet, written by Brenda B. Furagganan, MDM under the supervision of Prof. Federico M. Macaranas, and was commissioned by Philippine Institute for Development Studies (PIDS) for the Department of Budget and Management (DBM) as part of the study on the Zero-Based Budget (ZBB) Management of the Department of Foreign Affairs, with particular focus on the operations of the Foreign Service Posts (FSPs).

Libya, numbering more or less 30,000, began their mass exodus out of their host in an effort to return to the Philippines. The sea changing work of the Foreign Service Posts and the Attachés loomed amidst the impending Libyan revolution.

## OFWs in the Middle East and the Libyan Exodus

For the Philippines and the Posts, the Arab Spring was not simply another bit of tragic global news. The Middle East is home to the highest number of Overseas Filipino Workers (OFWs) although the Americas have the highest number of Filipino migrants or Overseas Filipinos (OFs) (Table 1).

**Table 1. Overseas Filipinos (OFs)/Overseas Filipino Workers (OFWs) in all Posts**

	Jan-Jun2006	Jul-Dec2006	Jul-Dec2008	Jan-Jun2009	Jul-Dec2010	Jan-Jun2011
Americas	4,089,989	4,076,397	3,398,787	3,364,574	4,176,403	3,693,144
Asia and Pacific	1,276,497	1,303,198	1,264,918	1,309,529	1,675,507	1,889,155
Europe	536,158	547,937	569,650	644,076	715,627	749,000
Middle East and Africa	1,519,694	1,525,429	1,975,501	2,480,236	2,868,209	1,786,735
<b>Total</b>	<b>7,422,338</b>	<b>7,452,961</b>	<b>7,208,856</b>	<b>7,798,415</b>	<b>9,435,746</b>	<b>8,118,034</b>
% of OFWs in Middle East	20%	20%	27%	32%	30%	22%

Source: Report to Conaress, various years

At the end of 2010, there were 2,868,209 OFWs working in various Middle East and African countries. Over 90% of the total OFWs can be found in only four countries: Saudi Arabia, United Arab Emirates, Kuwait and Qatar (Table 2).

**Table 2. OFWs in the Selected Middle East Countries, 2010**

Country	Post	Total OFWs	%
Saudi Arabia	Riyadh PE	1,576,241	60
	Jeddah PCG	280,000	11
United Arab Emirates	Abu Dhabi PE	136,977	5
	Dubai PCG	246,671	9
Kuwait	Kuwait PE	170,000	6
Qatar	Doha PE	200,000	8
Libya	Tripoli PE	29,823	1

Source: Report to Congress, July – December 2010

The gravity of the Libyan OFW exodus was felt heavily at the Department of Foreign Affairs (DFA). DFA Secretary Alberto Del Rosario flew to Tripoli, Libya on his first day on the job as Department Secretary to personally oversee the repatriation operations

to evacuate Filipino nationals.<sup>2</sup> The repatriation of the OFWs involved commissioning private vans and buses as well as Greek-owned ferries to get the OFWs out to borders where they can safely take the flight back to the Philippines. It also required negotiating with the border authorities to allow the OFWs to cross especially OFWs whose documents were left in their homes or offices.

Apart from the Tripoli PE staff, personnel from nearby Embassies and Consulates General were mobilized by the DFA to assist Filipinos who were transiting to other Middle East or African countries on their way to the Philippines. There were only 11 personnel at the Tripoli PE and most of them were handling Consular and Administrative Services. Other Attachés also helped in bring the OFWs trapped in the crossfire to safety.

Meanwhile, the Filipinos back home held their breath as they witness scores of hundreds of OFWs in desperate situations. Despite its efforts, several labor groups primarily Migrante International criticized the government for its slow and inept way of handling the evacuation of the OFWs in Libya.

### **Assisting Filipino Nationals in Riyadh**

As of January 31, 2012, the Philippines maintains 94 Foreign Service Posts (FSPs) around the world. Thirty Posts are located in the Asia Pacific, 27 in Europe, 19 in the Middle East and Africa, and 18 in the Americas.<sup>3</sup> The Riyadh PE is one of the 19 FSPs under the geographic area of the Middle East and Africa.

Saudi Arabia was not insulated from the political unrests that swept across the Middle East. On March 11 of the Arab Spring year, the Saudi government quelled a day of protest with heavy police presence in Riyadh. Saudi troops along with forces from the United Arab Emirates also moved to Bahrain to help control the protests there and effectively prevent it from spreading to the Kingdom. For now the turmoil is contained. However, many political analysts claim that the Kingdom still has the ingredients for civil unrest: having a young population, an unemployment rate of 10 per cent, rising inflation, and growing wealth disparity.

#### Serving the OFWs in Riyadh

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<sup>2</sup> Manila Bulletin. "550 OFWs evacuated to Tunisia by Foreign Secretary Alberto Del Rosario." <http://www.mb.com.ph/articles/306686/550-ofws-evacuated-tunisia-foreign-secretary-alberto-del-rosario> Feb 28, 2011

<sup>3</sup> OPAS. 2012. Actual and Approved Staffing Patterns of Foreign Service Posts. DFA

In terms of tourism, trade and investment, Riyadh PE ranks low in terms of contribution to tourism as tourist arrivals from Riyadh to the Philippines is negligible, representing 1% (22,214) of total tourist arrivals in the country (Table 1). Foreign Direct Investments (FDI) is even more insignificant at 0.1% (Php179.44 million) when compared with the total of all posts. In addition, the balance of trade (Exports less Imports) with Riyadh is negative, even higher than the average of all Posts.

**Table 3. Economic Statistics for Riyadh PE vis-à-vis All Posts**

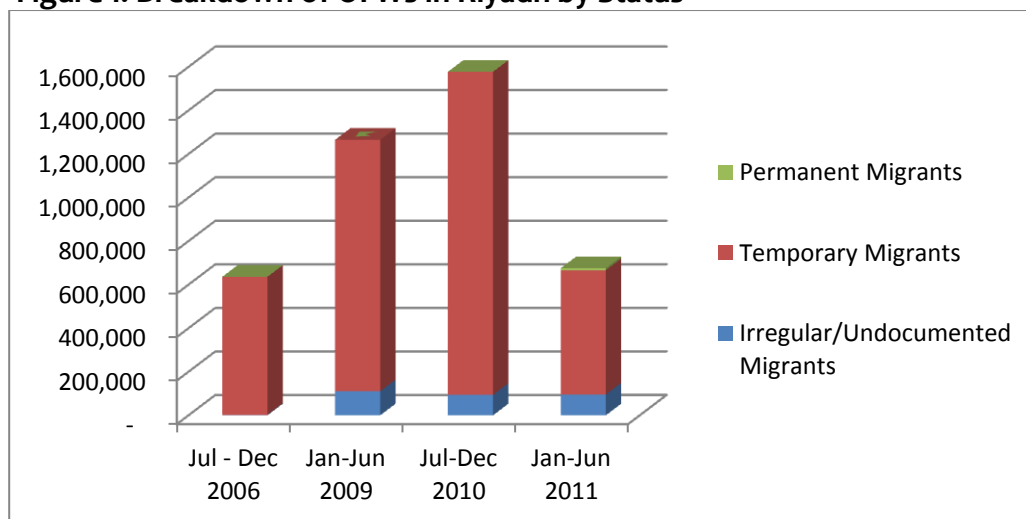
	Total Posts	Riyadh PE	%
Tourist Arrivals in the Philippines	3,121,127	22,214	1%
Total Philippine Exports (in US\$)	49,694,545,879	72,520,346	0%
Total Imports (in US\$)	51,839,941,363	2,407,797,514	5%
Total Trade (in US\$)	101,534,487,242	2,480,317,860	2%
Balance of Trade (in US\$)	(2,145,395,484)	(2,335,277,168)	
Foreign Direct Investments (in Million PhP)	193,017	179.44	0.1%

Source: DFA document titled Annex I

Yet in terms of employment promotion or facilitation, Riyadh PE is at the top spot. From 2006 to 2010, the number of OFWs in Riyadh increased from 636,350 to 1,576,241 warm bodies (see Table 1). The increase in employment opportunities of Filipinos in Riyadh can be partly attributed to the work of the Posts, including the POLOs.

The Riyadh PE serves three segments of the labor force namely: permanent migrants; temporary migrants or OFWs; and irregular or undocumented migrants. From 2006 to 2011, the number of Filipino permanent migrants in Riyadh is tiny compared to other Posts (Figure 1). Of the 9,000 permanent migrants recorded in 2011, 56 percent are males. Temporary migrants or OFWs comprise the bulk of Filipinos in Riyadh; increasing from 634,100 in 2006; 1,154,668 in 2009; 1,483,485 in 2010; and only 570,892 in 2011.

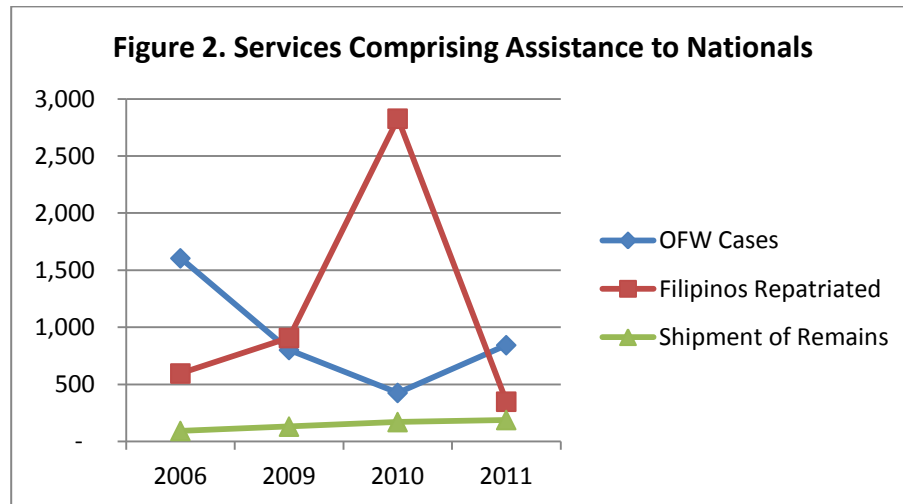
**Figure 1. Breakdown of OFWs in Riyadh by Status**



Source: DFA Report to Congress, various years

Because of the large population of migrant Filipino workers in Riyadh, it is inevitable that the bulk of the work of the Embassy focus on Assistance to Nationals (ATN). Services provided by the Post comprising ATN include repatriation, shipment of remains, medical (hospitalization) and psychological interventions, establishing the whereabouts of OFWs, among other services. It also includes legal assistance such as the payment of fees for foreign lawyers, bail bonds, court fees, charges and other litigation expenses.

In 2006, the number of OFWs with cases that were assisted by the Post totaled 1,605, 45% of these are females (Figure 2). This number decreased to 426 in 2010 before doubling in 2011.



In addition, ATN services include facilitating the repatriation of Filipinos and shipment of remains of Filipinos who died in Saudi Arabia. In 2006, 596 OFWs were repatriated but this declined to 349 in 2011. The number of Filipinos repatriated spiked in 2010 due to the political tensions in the host country that year. The number of OFWs whose remains were shipped shows an increasing trend from 93 in 2006 to 189 in 2011.

#### Riyadh PE Resources: Inputs

The resource inputs used by the Riyadh PE to produce its outputs and outcomes are many (such as ideas, people, money, physical facilities, among others). Two key resources are highlighted: human resources and budget.

Currently, there are a total of 48 personnel in the Riyadh PE: 45 Attaché Foreign Service Officers; 33 staff; and 10 local hires. The majority of the personnel are engaged in

the Consular and Administrative Section of the Embassy and only one or two personnel actually engage the OFWs in their more serious needs.

In addition to the DFA personnel, there are nine government agencies with representatives posted at the Embassy namely: Labor Attaché, POLO Riyadh; Labor Attaché, POLO Eastern Region; SSS Representative; Pag-Ibig Fund Representative; Social Welfare Attaché; Welfare Office, POLO CRO; Trade Representative; Welfare Officer; and Administrative Officer.

#### Riyadh PE Budget

To undertake their work, the Riyadh PE gets 2% of total budget of all embassies and PCGs (Table 4). This share has remained the same in 2009 and 2010 despite a significant increase in the number of OFWs being served by the Post by 25% during the same year covered (additional of 311,051 from 2009 to 2010).

**Table 4. Budget of All Embassies, PCGs and Riyadh PE, 2009 - 2010**

	2009			2010		
	All Embassies	All PCGs	Riyadh Embassy	All Embassies	All PCGs	Riyadh Embassy
Personnel Services	3,139,818,000	1,242,480,000	116,876,000	3,242,293,000	1,273,100,000	117,785,000
MOOE	1,018,415,000	448,750,000	18,862,000	1,195,080,000	518,012,000	26,082,000
Capital Outlay	85,326,000	44,156,000		56,050,000	18,800,000	

Source: GAA 2009 and 2010

Eighty-six percent of the budget allocation from GAA in 2009 was for personnel services (82% in 2010) (Table 5). The bulk of this allocation (58%) goes to Overseas Allowance and Living Quarters Allowance (28.9%). Only 11% of budget allocation goes to MOOE and there was no budget for capital outlay in both years.

**Table 5. Breakdown of Riyadh PE Budget Allocation, 2007**

	Share in Total Allocation	
<b>Personnel Services</b>	<b>85.7%</b>	
Itemized Position		2.1%
Additional Compensation		0.3%
Alien/Casual/Contractual Personnel		5.3%
Clothing Allowance		0.6%
Christmas Bonus and Cash Gift		0.9%
Productivity Incentive		0.1%
Post Allowance		0.6%
Overseas Allowance		57.9%
Family Allowance		2.1%
Educational Allowance		1.2%
Living Quarters Allowance		28.9%
<b>Operating Expenses</b>	<b>10.9%</b>	
<b>Rentals</b>	<b>2.1%</b>	

**Representation Expenses**

1.2%

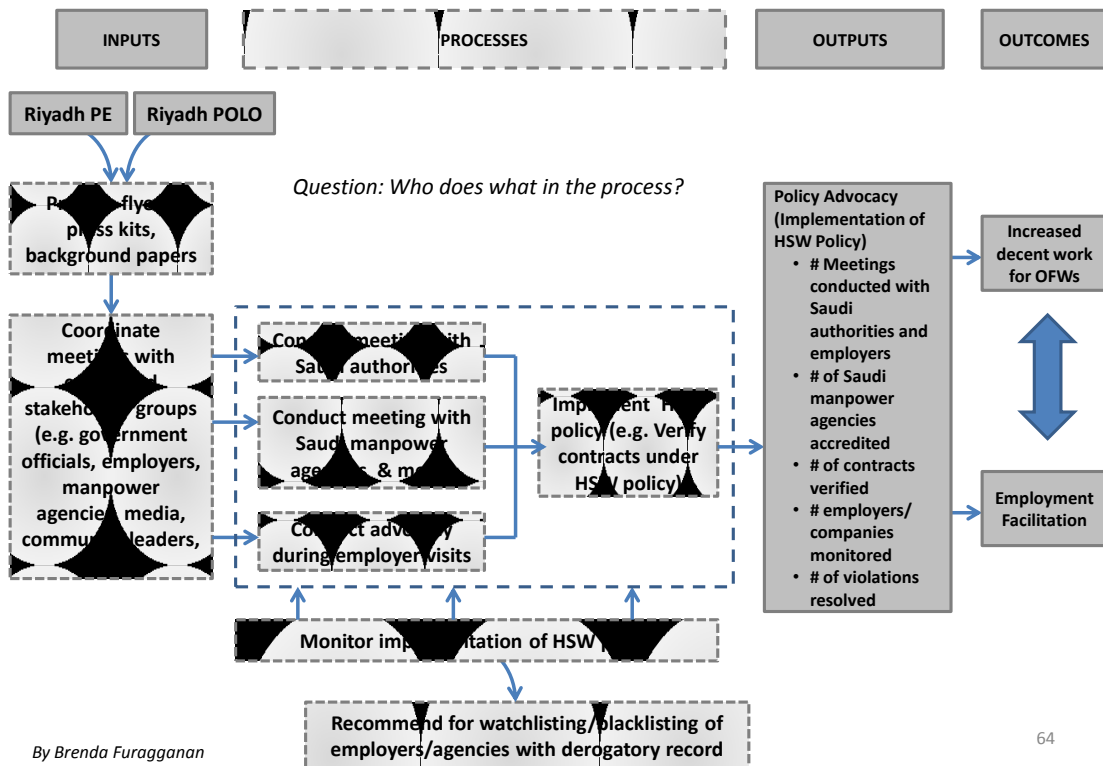
Source of basic data: Riyadh 2007 Annual Report

Consular services also constitute Assistance to Nationals. These services include passport services (e.g. issuance, renewal, amendment), authentication of documents, Notarial/Authentication Services and other Miscellaneous Services such as registration for elections, marriages, and registration of births. Riyadh PE is the number one post in terms of issuances of passports issuing about 8% (34,401) of passports issued in all posts.

**Serving the OFWs in Riyadh: To What Outcomes?**

The process serving OFWs in Riyadh is illustrated in Figure 3, citing as an example the work on Policy Advocacy. Figure 3 shows how the inputs provided by the Riyadh PE and Riyadh POLO enables them to perform various activities (processes) to produce outputs, which eventually results to positive outcomes. What is not clear in this process flow is: *What Agency does What?*

**Figure 3. Sample Process Flow for Policy Advocacy on HSW**  
**Sample Assistance to Nationals (ATN): Policy Advocacy**



Riyadh PE and Riyadh POLO undertakes separate or joint activities to promote the HSW policy and all their efforts lead to the outputs and outcomes. While it is easy to identify the outputs of the respective activities, it is not easy to determine, which agency should be credited for the resulting outcomes. This is the difficulty in assessing the performance of the Posts.

Beyond the outputs that are normally tracked by the Department of Foreign Affairs, the outcomes of the concerted efforts of the Riyadh PE as well as other Posts, are highlighted in terms of the following:

#### Marketing of Higher Skilled Filipino Workers

Professional and skilled workers get higher salaries, work in better working conditions (compared to non-skilled and domestic workers) and are involved in lesser cases. To market professional and skilled workers, strong policy advocacy and labor promotions are required, which is one of the outcomes of the activities of the Riyadh PE and Riyadh POLO (Figure 3).

In 2006, there were more OFWs in Riyadh working as domestic workers (33%) rather than professionals (14%) and although 52% of OFWs were highly skilled workers, there were no OFWs working as semi-skilled workers and laborers. By 2010, the composition of OFWs in Riyadh shifted to reflect the better labor policy on HSWs. The share of professionals increased to 21% while that of domestic workers declined to 14%. The decrease in highly skilled workers, however, was replaced by semi-skilled workers (21%) and laborers (11%).

While there may be several factors contributing to this shift, the opening of more employment opportunities for Filipino skilled workers and decrease in deployment of domestic workers may be one of the benefits derived from the policy advocacy and employment promotion undertaken by the Posts.

In addition, higher OFW remittances result out of the shift to more professional and skilled worker in Riyadh. In 2010, Bangko Sentral ng Pilipinas reported that remittances from Saudia Arabia amounted to some US\$1.544 billion or around 8.2% of the cumulative US\$18.763 billion in remittances sent home by all OFWs around the globe. The OFWs in Saudi Arabia is the one of three groups of Filipinos overseas with remittances exceeding \$1 billion, the other two being the Filipinos in the United States and Canada (\$7.862 billion and \$2.022 billion, respectively in 2010). The increase in remittances may also be the benefit arising from deploying more professional and skilled workers that earn higher salaries.

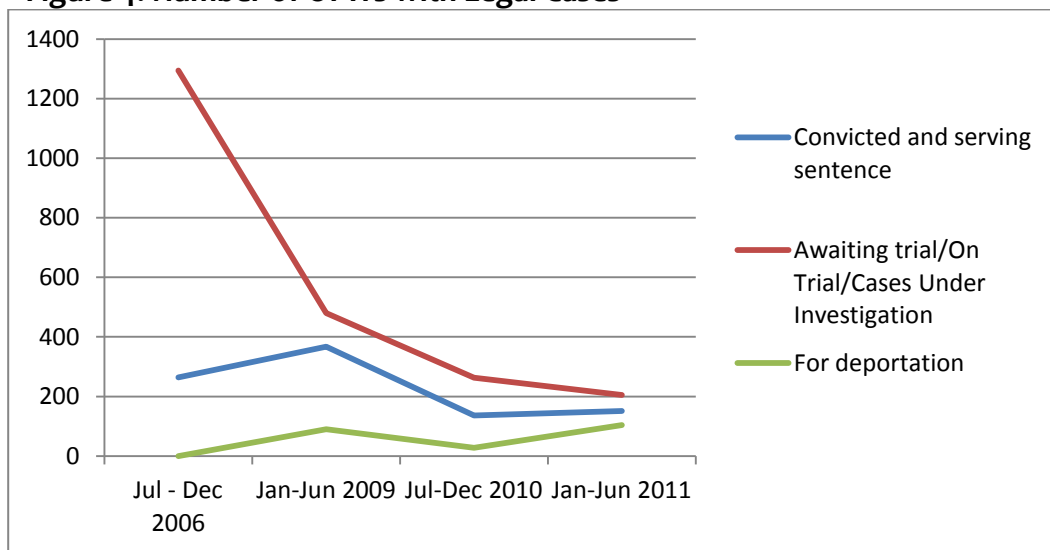


## Declining Number of OFWs in Distress

Another benefit derived from the activities at the Post is the decline in the number of OFWs with cases in the Saudi courts. This is one of the most critical Assistance to Nationals service provided to OFWs i.e. assisting them in with their legal cases through provision of local lawyers, facilitating bail, among other legal services.

The number of OFWs convicted and serving sentence increased from 264 in 2006 to 367 in 2009 before decreasing to 151 by 2011 (Figure 4). The number of OFWs with cases declined from 1,294 in 2006 to 205 in 2011.

**Figure 4. Number of OFWs with Legal Cases**



## **Conclusion**

It is clear that providing assistance to nationals is not the sole responsibility of the Riyadh Philippine Embassy. A number of Attachés also stationed in the post serve the OFWs. The challenge for the Post and all the Attachés in the current set is determining how to attribute the benefits derived in order to rationalize their respective operationalize budgets.

Outside of a comprehensive value chain study of the Post activities, determining the benefits derived from having Posts is difficult to identify. In addition, outcomes are intangible and some activities cannot be divided or clearly delineated, and they take a longer duration to be realized. Clearly a better set of criteria for assessing the benefits and relevance of posts is urgently needed to justify the allocation of scarce public resources.

# **The Manila Hostage Crisis and Diplomacy**

## **A Note on Economic Diplomacy by Beijing PE<sup>1</sup>**

In the morning of August 23, 2010, dismissed former senior inspector Rolando Mendoza of the Manila Police District (MPD) hijacked a tourist bus carrying 20 Chinese tourists from Hong Kong, a foreign tour guide and four Filipinos, in an attempt to get his job back. Ten hours later, Mendoza and eight of the Chinese tourist-hostages were killed and one tourist critically wounded and six others suffered various injuries.

The tragic incident involving the MPD's failed rescue attempt and 90-minute gun-battle with the hijacker was viewed by millions of people worldwide live on television and the internet.

This incident may be viewed as an isolated event, an unfortunate episode that regrettably included tourists. But the ripples that it created goes beyond that single fateful day and the “handling” of this incident inevitably reflects on the “quality” of diplomacy established by the foreign service posts in China and Hong Kong.

### **The Aftermath of the Crisis**

The crisis created tensions on the political and economic relations of the Philippine and Hong Kong and Chinese governments and even between the citizens of both countries. Is the fall-out from the crisis severe enough to strain the economic relations of the countries?

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<sup>1</sup> This caselet was written by Brenda B. Furagganan, MDM under the supervision of Prof. Federico M. Macaranas and was commissioned by the Department of Budget and Management (DBM) as part of the study on the Zero-Based Budget (ZBB) for the Department of Foreign Affairs focusing on the operations of the Posts.

## *Negative Travel Advisories*

The Hong Kong Regional Government issued its highest level of travel warnings in the aftermath of the killings, urging all residents to avoid traveling to the Philippines and enjoining all its residents in the Philippines to leave the country at once. The *South China Morning Post*, Hong Kong's English-language daily, expressed the HK people's outrage with the headline "*Fury in HK over Manila Bloodbath*".<sup>2</sup>

In Beijing, the Chinese government also issued travel warnings for the Philippines and announced it will send "working teams" to the Philippines to conduct their own investigation on the tragic incident. In addition to Hong Kong and China, several other governments have issued travel warnings for the Philippines.

## *Fall-Out on Tourism Industry*

The fall-out from the Manila hostage crisis or Rizal Park hostage-taking incident was immediately felt by the Philippine tourism industry. Tourists from mainland China comprise the fourth largest group of tourist arrivals in the Philippines (187,446 tourists) while tourists from Hong Kong comprise the sixth largest (133,746 tourists).<sup>3</sup>

According to the Philippine Airlines (PAL), two days after the incident, two groups of at least 20 Hong Kong residents canceled their PAL flights to the Philippines. It also estimated that at least 558 Manila-bound bookings were canceled. The other airline, Cebu Pacific, also received considerable rebooking and cancellation requests from passengers with Hong Kong routes. On the other hand, several Hong Kong and Macau-bound Filipino tourists also opted to change their destinations in view of the brewing animosity of Chinese on Filipinos.<sup>4</sup>

The Department of Tourism also reported the cancellation of travel plans to the Philippines of more than 1,000 tour groups from the Chinese mainland and Hong Kong. Within four days from the incident, 351 cancellations in hotel bookings and reservations were reported, which was estimated to amount to revenue losses of P7.439 million (room costs only). The estimate would reach P20 million to 30 million if other tourists' expenses are added such as meals and transportation.<sup>5</sup>

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<sup>2</sup> CNN World. "Gunman in the Philippines ends standoff by killing 8, wounding 7", August 23, 2010, [http://articles.cnn.com/2010-08-23/world/philippines.bus.hostages\\_1\\_tour-guide-manila-police-tourist-bus?\\_s=PM:WORLD](http://articles.cnn.com/2010-08-23/world/philippines.bus.hostages_1_tour-guide-manila-police-tourist-bus?_s=PM:WORLD)

<sup>3</sup> Based on 2011 DFA Report to Sen. Drilon.

<sup>4</sup> GMA News. "RP tourism bears brunt of Manila hostage-taking", August 26, 2010 8:54pm, <http://www.gmanetwork.com/news/story/199512/economy/rp-tourism-bears-brunt-of-manila-hostage-taking>

<sup>5</sup> ABS CBN News. "Tourist destinations reel from hostage crisis' impact", August 27, 2010, <http://www.abs-cbnnews.com/business/08/27/10/tourist-destinations-reel-hostage-crisis%E2%80%99-impact>

## Effect on Trade

Despite the rhetoric of the governments of China and Hong Kong, there were no threats of trade sanctions or actual trade withdrawals although the effect on trade might be more difficult to ascertain in the short term. In addition, there have been other incidents that have had political and economic repercussions.

Prior to the Manila hostage crisis, Chinese netizens reacted negatively to the passage of the Philippine Baseline Law in March 2009 prompting about 10,000 angry blogs denouncing the “invasion” of the Philippines on Chinese territory. They also referred to the Philippines as “a monkey that needs to be scared by the People’s Liberation Army from conducting aggression in the Spratlys.”<sup>6</sup>

Likewise, the maritime controversy on the Panatag Islands (international name Scarborough Shoals) in early 2012 has been a thorn in the Philippines – China relations for some time. The recent incident prompted cyber attacks by Chinese hackers on Philippine government websites, although negative trade impacts have not occurred.

## The Philippines – China Economic Relations

The economic significance among Hong Kong, China and the Philippines is undeniable.

### Trade

The Philippine trade with China is the country’s 4<sup>th</sup> largest in terms of value (US\$) while trade with Hong Kong generates the 6<sup>th</sup> largest value (Table 1). More importantly, trade with both economies generates positive balance of trade for the Philippines.

**Table 1. Trade Statistics of Philippines with China and Hong Kong**

	<b>Total Philippine Exports in US\$</b>	<b>Total Imports in US\$</b>	<b>Balance of Trade</b>	<b>Total Trade in US\$</b>
China (mainland)	5,726,391,195	4,627,559,937	1,098,831,258	10,353,951,132
Hong Kong SAR	4,335,689,006	1,469,677,161	2,866,011,845	5,805,366,167

Source: DFA document titled Annex I, 2011

However, the US\$10 bn trade in 2011 is already a big decline from the level of trade with China in 2009, which stood at US\$18.17 bn. The significance of the Philippines as a trading partner of China has also been outranked by other ASEAN countries particularly Malaysia, Singapore, Thailand and Indonesia in the past few years. The Philippine Ambassador to Beijing has in fact

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<sup>6</sup> Beijing PE, 2009 Annual Report

predicted two years ago that, “While the Philippines still posts surplus in its trade relationship with China, the onset of the ACFTA<sup>7</sup> could change this dynamic in the following years”.<sup>8</sup>

#### *OFWs in China and Hong Kong*

Although the number of OFWs in mainland China is low compared to other countries, the number of OFWs in Hong Kong is significantly large (Table 2). Only less than 5% of the OFWs in Hong Kong are professionals. Majority are domestic helpers.

**Table 2. Population of OFWs in Hong Kong and China**

	2006	2009	2010	2011
China (Mainland)	16,897	26,080	24,938	28,271
Hong Kong SAR	134,115	154,887	159,765	162,467

Source: DFA Reports to Congress, various years

In contrast, only 16% of OFWs in mainland China are domestic helpers or nannies. About 25% are considered under the category Employees/Consultants/Managers and 15% are under the category Musicians/Entertainers. The rest of the OFWs in China comprise of technicians, teachers, doctors, nurses and students.

#### *Investments*

In terms of Foreign Direct Investments (FDI), Hong Kong has low FDI in the country – only about Php59 million investments in 2011. However, China is a key investor in the country with about Php 5.7 billion invested in the economy particularly in mining, agriculture and energy.

In the case of China, Philippine investment in China is equally significant. At the end of 2009, the Philippine investments in China are even higher than Chinese investments in the Philippines. For instance, 39 Philippines companies invested a total of US\$111 million in China while Chinese investments in the Philippines totaled only US\$42.7 million.<sup>9</sup>

### **Actors in Furthering Economic Diplomacy**

Economic diplomacy, one of the three pillars of foreign policy undertaken by Foreign Service Posts (FSPs). In its various accomplishment reports, FSPs include the following activities under Economic Diplomacy: Trade, Investments, Official Development Assistance (ODA), Tourism, signing of bilateral agreements, among others. However the outputs of these activities are often attributed to other government agencies. For instance, tourism arrivals are usually recorded as accomplishments of the Department of Tourism (DOT), agricultural cooperation or agreements are posted as achievements of the Department of Agriculture (DA) while trade and investments fall under the success of the Board of Investments (BOI) and the Department of Trade and

<sup>7</sup> ASEAN – China Free Trade Area (ACFTA), began in January 1, 2010

<sup>8</sup> Beijing PE, 2009 Annual Report

<sup>9</sup> Beijing PE, 2009 Annual Report

Industry (DTI). If this is the case, what then is the value addition of the Beijing PE in realizing economic benefits for the Philippines?

The Philippines actively conducts investment road shows and investment fora to entice the Chinese business community to invest in the Philippines. These activities are often spearheaded by the Board of Investments team of the Department of Trade and Industry during the actual investment road shows and fora. But even before the actual activities, the Embassy undertakes various intelligence gathering (such as collecting information on which companies to engage) and legwork (such as coordination and logistics). In other words, the Post serves as a “doorman” that seeks paths and opens doors so that other agencies (such as the DTI, DOT or DA) can enter to explore the different economic opportunities.

In addition to opening doors, the Philippine Embassy also takes over the task of promoting the Philippines as an investment site through participation in trade and investment fairs, in the absence of a Philippine delegation. Embassy personnel are stationed in trade fair booths to answer inquiries on Philippine-made products such as furniture, house furnishing, food products, garments, among other goods.

The Embassy also acts as “broker” i.e. it facilitates and endorses the visits of Chinese business owners to the Philippines.

In terms of tourism, the Philippine Embassy acts as “marketer” as it participates in various Tourism Fairs with or without a Tourism Attaché. The Beijing PE also organizes various image-building activities to promote Philippine culture and to counter the negative perception of the Philippines and Filipinos in China. The Embassy reaches out to the Chinese people by joining international festivals in China and bringing Philippine culture and arts into their awareness.

Further, the Beijing PE assists in organizing high level visits with economic themes as well as in forging agreements between two governments or between members of the private sector. Examples of these agreements are the: Travel Cooperation Agreement between the Philippine Tourism Authority and Tianjin Tourism Bureau; Sports Exchange Agreement between the Philippine Sports Commission and Tianjin Sports Bureau; and Cooperation Agreement between the Philippine Chamber of Commerce and Industry and the China Chamber of International Commerce/China Council for the Promotion of International Trade

### **Repairing the Damage Created by the Manila Hostage Crisis**

The Department of Tourism (DOT) remains optimistic that the impact of the Manila hostage crisis will not last. One Filipino economist also remains even more optimistic predicting that the negative impact on foreign tourist arrivals will be very short-lived primarily because people have different experiences. Also, the fear of a big drop in the deployment of OFWs will not happen because OFWs are prized workers among employers in Hong Kong and China.

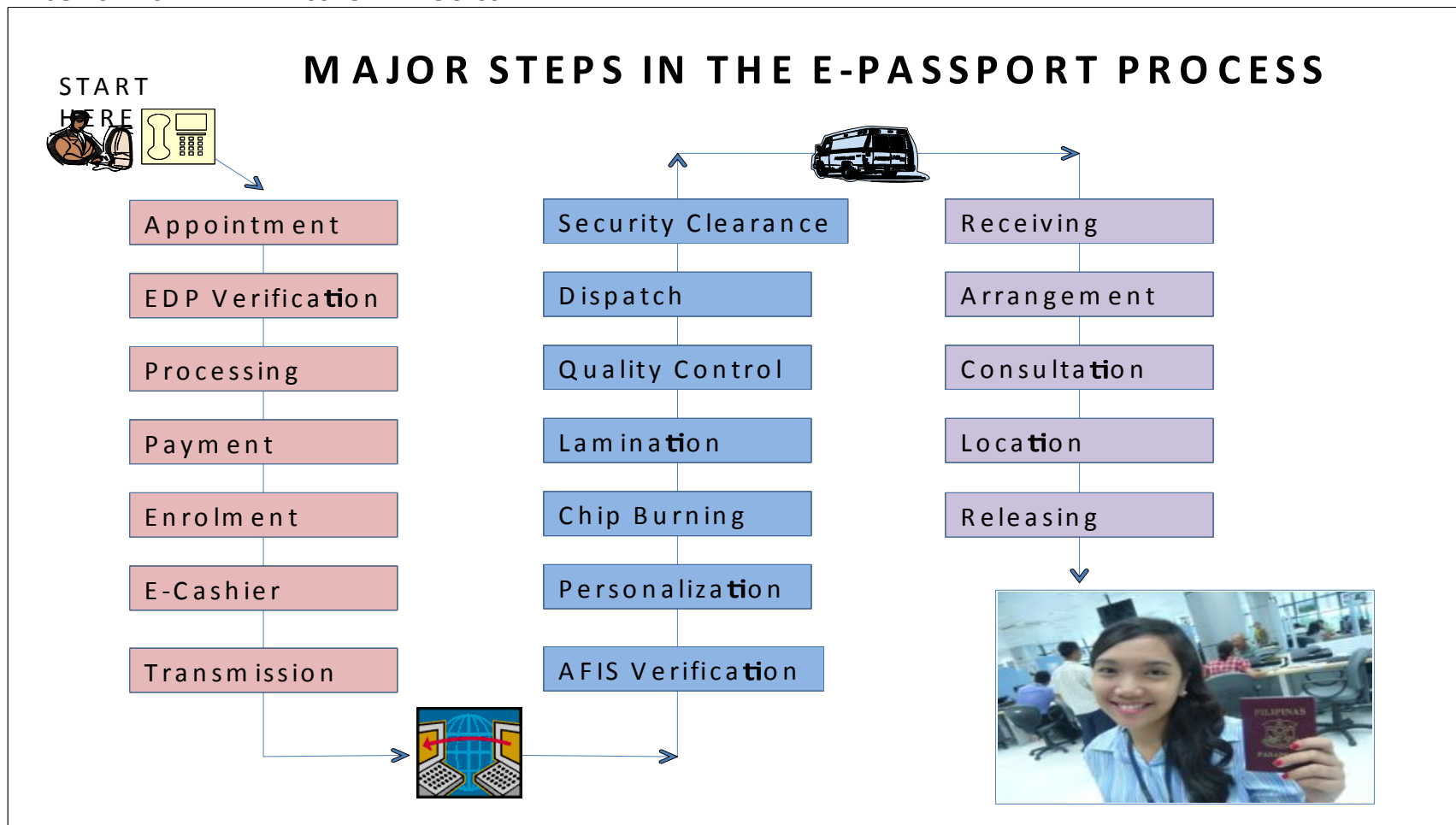
However, both underscore the need to be proactive in marketing Philippine attractions and winning over the sentiments of the Chinese people. The DOT notes that hotel and resort owners in the country should mount massive promotional activities in China and Hong Kong to recapture the lost market. The economist added that leaders of OFW associations in Hong Kong should enjoin their members to counteract the temporary disillusionment of their employers with the Philippine government officials.

While it is obvious that the role of the Department of Tourism in countering the stained image of the Philippines is important, the roles of the Beijing Philippine Embassy and Hong Kong SAR Philippine Consulate General are more critical. This is because establishing diplomacy is not a one-time activity nor is it a short term engagement. Promoting people-to-people ties is sometimes a more important pillar in improving bilateral ties. Strong people-to-people ties, in fact, prevent the overflow of negative emotions during situations such as the Manila hostage crisis.

The work of the Posts in strengthening people-to-people ties between Filipinos and Chinese maybe unquantifiable, but it is clear that these form the basis for bilateral agreements, acts as foundation for handshake deals among business people and tempers wayward emotions when crisis occurs.

Benefit Cost Identification for Outsourcing e-passporting Activities

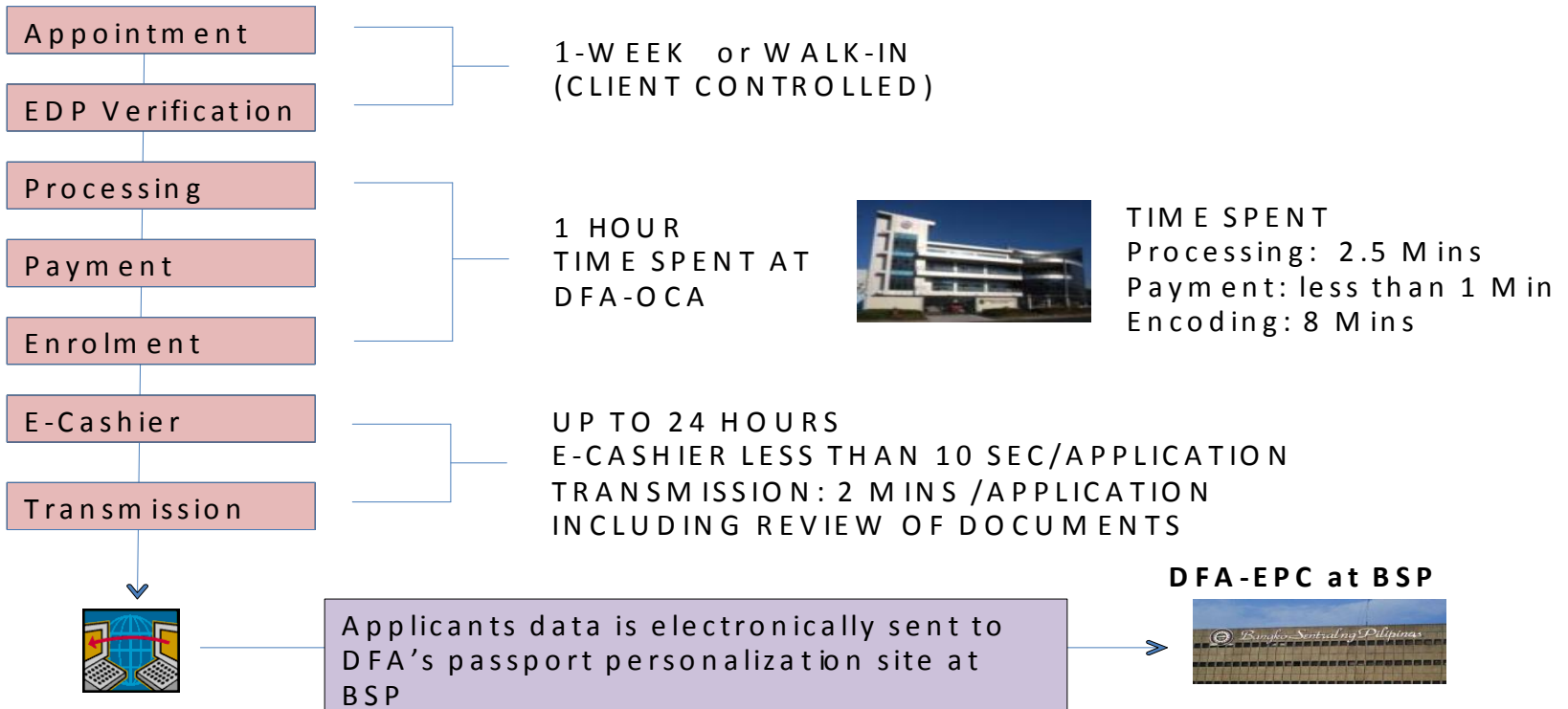
MAJOR STEPS IN THE E-PASSPORT PROCESS





**FLOW CHART 1: Appointment to Transmission**

# APPOINTMENT TO TRANSMISSION



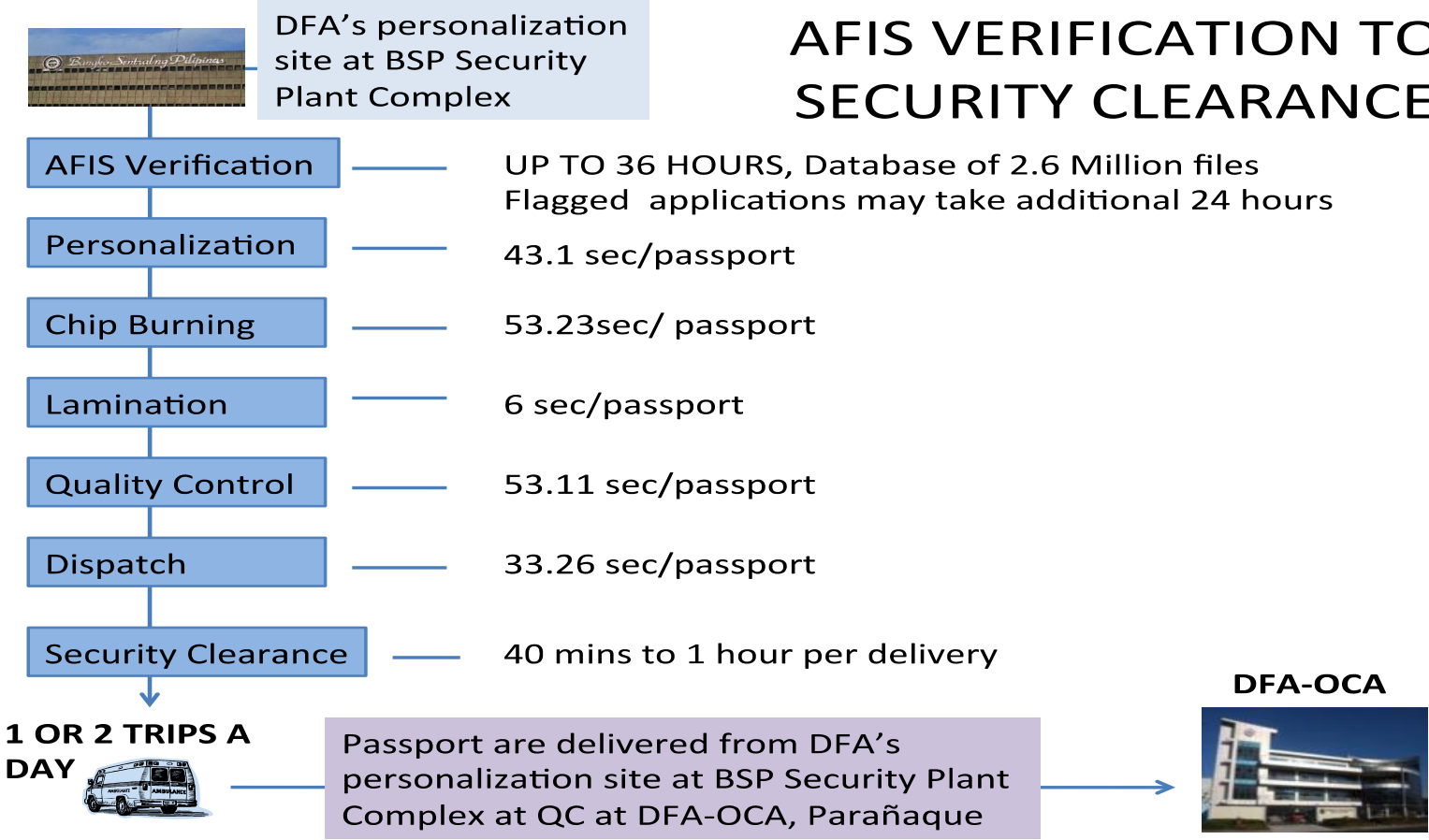
**Explanation:**

	Step/Procedure	Description	Number of DFA Employees Involved	Cost/Benefit Analysis
1	<b>Appointment</b>	<ul style="list-style-type: none"> <li>• Applicant can log on to www.passport.com.ph or call 737-1000 to get an appointment, or an Accredited travel agency</li> <li>• Senior Citizens, PWDs, OFWs (Government employees and their dependents also) need not secure appointments as they go through the Courtesy Lane.</li> </ul>	(Teleserv)	<ul style="list-style-type: none"> <li>• The electronic and telephonic appointment systems are managed and controlled by Pilipinas Teleserv under the direct supervision of the DFA.</li> <li>• The DFA (client) controls the number of appointments, days when passporting is available and all other variables in the website/telephone service.</li> <li>• PilipinasTeleserv also deploys personnel in the DFA who verifies, using 2-D barcode scanners, if the appointments are indeed legitimate.</li> </ul>
2	<b>Electronic Database Processing (EDP) Verification</b>	<ul style="list-style-type: none"> <li>• The names of those appointed are checked against a passport issuance list to avoid double passport issuance, and our look-out-list.</li> <li>• EDP Verifiers forward results of the search to processors.</li> </ul>	22	<ul style="list-style-type: none"> <li>• Given the very secure and confidential nature of the EDP database, it is recommended that regular DFA personnel should be the ones to handle this section and encode secure information.</li> </ul>
3	<b>Processing</b>	<ul style="list-style-type: none"> <li>• Applicants submit to documents for evaluation to establish their identity</li> </ul>	36	<ul style="list-style-type: none"> <li>• The Philippine ePassport is the most secure passport ever issued by the country given its numerous security features and its compliance with international standards in passport production.</li> <li>• Hence, the shift in security must now be on establishing the identity of the applicant through thorough inspection of breeder documents.</li> <li>• If ever this process is outsourced, strict security</li> </ul>

				measures must be implemented. If not outsourced, more items for senior staff should be opened to fill up these positions.
4	<b>Payment</b>	<ul style="list-style-type: none"> <li>Applicant pays PhP 950 (regular processing – 15 working days) or PhP 1200 (express processing – 7 working days)</li> </ul>		<ul style="list-style-type: none"> <li>To date, only employees with regular items from the Office of Fiscal Management are allowed to accept, receive and transmit payments.</li> <li>This step may be outsourced at the very least or payment before hand through partnerships with institutions that provide eBanking facilities may be explored.</li> </ul>
5	<b>Enrollment</b>	<ul style="list-style-type: none"> <li>Applicants' personal details and biometric data are captured, key documents submitted are scanned for the permanent record of DFA.</li> <li>This step entails the encoding of the applicants' data in the computer, scanning of all pertinent documents to the application, photo capturing and collection of signature and fingerprints.</li> <li>Encoders also print out a computer-generated form (CGF) which the applicants double check and sign to signify that the printed information is accurate.</li> </ul>	64	<ul style="list-style-type: none"> <li>Starting 01 May 2012, all encoding stations at ASEANA (except for Diplomatic and Official Passporting Section/DOPS) will be outsourced.</li> <li>Outsourcing of employees for all DFA passporting sites in the Philippines is now also being proposed and studied.</li> </ul>
5	<b>eCashiering</b>	<ul style="list-style-type: none"> <li>The application is tagged as paid after verification of the machine-validated receipt</li> </ul>		
6	<b>Transmission</b>	<ul style="list-style-type: none"> <li>After evaluation of a permanent employee, an important check and balance, application is transmitted to DFA's passport personalization site at BSP</li> </ul>	9	<ul style="list-style-type: none"> <li>If ever this process is outsourced, strict security measures must be implemented. If not outsourced, more items for senior staff should be opened to fill up these positions.</li> </ul>

**FLOW CHART 2: AFIS VERIFICATION TO SECURITY CLEARANCE**

# AFIS VERIFICATION TO SECURITY CLEARANCE



**Explanation:**

Step/Procedure	Description	Number of DFA Employees Involved	Cost/Benefit Analysis

1	<b>AFIS Verification</b>	<ul style="list-style-type: none"> <li>Automated Fingerprint Identification System is the system's most high-tech software. A captured fingerprint is compared to all other fingerprints in the database. It almost eliminates the possibility of one person having multiple identities, a serious problem with Philippine passport holders.</li> </ul>	4	
2	<b>Personalization</b>	<ul style="list-style-type: none"> <li>Personalization is the printing of the applicants' personal data and picture on the passport's data page.</li> </ul>	12	<ul style="list-style-type: none"> <li>The ePassport Personalization Center (EPC) at the Bangko Sentral ng Pilipinas (BSP) at Quezon City, currently has 17 printers which are capable of printing (xxx) passports a day given two (2) shifts.</li> <li>These 2 shifts are not tenable in the long run as they exhaust the machines which render them vulnerable to breakdown.</li> <li>Passport personalization is a labor intensive process that requires the intervention of employees 100% of the time.</li> <li>The ratio of employee to printer is (xxx).</li> </ul>
3	<b>Chip Burning</b>	<ul style="list-style-type: none"> <li>The applicants' picture and personal data are burned onto the Integrated Circuit Chip or IC Chip.</li> </ul>	13	<ul style="list-style-type: none"> <li>There are (xxx) chip burners capable of burning (xxx) passports a day given two (2) shifts.</li> <li>Just like for the personalization process, these 2 shifts are not tenable in the long run as they exhaust the machines which render them vulnerable to breakdown.</li> <li>Chip burning is a labor intensive process that requires the intervention of employees 100% of the time.</li> <li>The ratio of employee to chip burner is (xxx).</li> </ul>

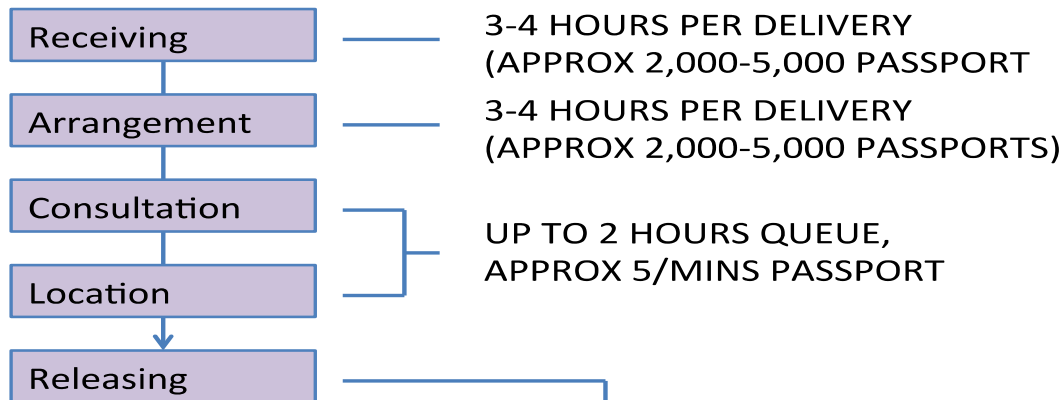
4	<b>Lamination</b>	<ul style="list-style-type: none"> <li>An ultra-thin laminate is pressed and sealed over the passport data page with the personalized data to make the data page tamper-resistant.</li> <li>The laminate is also an additional security feature for the passport.</li> </ul>	9	<ul style="list-style-type: none"> <li>There are (xxx) laminators capable of laminating (xxx) passports a day given two (2) shifts.</li> <li>2 shifts are not tenable in the long run, labor-intensive process.</li> <li>The ratio of employee to laminating machine is (xxx).</li> </ul>
5	<b>Quality Control</b>	<ul style="list-style-type: none"> <li>The finished passport is inspected visually while the data of the chip is inspected electronically to ensure the quality of the passport.</li> </ul>	12	<ul style="list-style-type: none"> <li>There are (xxx) quality control machines capable of verifying and inspecting (xxx) passports a day given two (2) shifts.</li> <li>2 shifts are not tenable in the long run, labor-intensive process.</li> <li>The ratio of employee to QC machine is (xxx).</li> </ul>
6	<b>Dispatch</b>	<ul style="list-style-type: none"> <li>The passports are packed, sorted and segregated into shipment numbers for shipment to DFA-OCA.</li> <li>Each passport is “gunned” (read by a 2-D bar scanner) and sorted in boxes with corresponding shipping lists to be sent to Aseana for dispatch.</li> </ul>	9	<ul style="list-style-type: none"> <li>This is the most labor intensive of all processes that require segregation and sorting. This is also prone to human error.</li> </ul>
7	<b>Security Clearance</b>	<ul style="list-style-type: none"> <li>The passport goes through BSPs strict verification procedures to ensure there is no unauthorized removal of passports from the BSP-EPC.</li> </ul>	0	<ul style="list-style-type: none"> <li>A BSP-controlled process.</li> </ul>

**FLOW CHART 3: Receiving to Releasing**

# RECEIVING TO RELEASING



PASSPORTS FROM PRODUCTION SITE ARE DELIVERED 1 or 2 TIMES A DAY DEPENDING ON AVAILABILITY OF TRANSPORTATION



## PERSONAL PICK-UP



## COURIER DELIVERY



DELIVERY BY ACCREDITED COURIER WITHIN 24 HOURS

### Explanation:

	Step/Procedure	Description	Number of DFA Employees Involved	Cost/Benefit Analysis





		brought once again to the releasing section.		
5	<b>Releasing</b>	<ul style="list-style-type: none"> <li>The passport is issued to the applicant. An accredited company (i.e. travel agency) may claim the passport on behalf of the applicant if the applicant has chosen to avail of this service beforehand.</li> <li>An applicant presents his/her receipt at the releasing counter and presents a valid ID. Applicant then signs on a provided signature pad which would be proof that he/she has already claimed the passport. Signatures are kept in the system.</li> </ul>	4  4	<ul style="list-style-type: none"> <li>There are (xxx) releasing counters for the individual applicants while (xxx) are allotted for agency applicants.</li> <li>Very labor intensive process. May actually be outsourced as well given the presence and supervision of a DFA regular employee.</li> </ul>

**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 15<sup>th</sup> 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.<sup>1</sup>
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 1<sup>st</sup> 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

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<sup>1</sup> 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 2<sup>nd</sup> 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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Focus Group Discussions with DFA-OFM, UNIO and DBM, DBM Office, March and April 2012

Office of the President, Memorandum Circular No. 194: Standard Procedure in Entering into New Commitments or Making Pledges to International Organizations or Hosting of International or Regional Conferences, 11 June 2010

## INTERNATIONAL COMMITMENTS FUND (ICF)

## Benefits of Philippine Membership in the United Nations and its Subsidiary Bodies

ORGANIZATION	TANGIBLE	INTANGIBLE	PECUNIARY	NON- PECUNIARY	DIRECT	INDIRECT
UNITED NATIONS	<ul style="list-style-type: none"> <li>Scholarships, trainings, technical assistance to Philippine government agencies and employees</li> <li>Humanitarian assistance during disasters and natural calamities, and assistance for Filipino migrants during times of war, civil unrest or calamities</li> </ul>	<ul style="list-style-type: none"> <li>Promotion of Philippine interests in the field of international peace and security, human rights, environment, health, economic development, education, and all other issues of mutual concern in the international community through representations and negotiations in UN meetings</li> <li>Generation of goodwill among Member Countries</li> <li>Increase in market access for PH products</li> <li>Networking with Member States</li> </ul>	<ul style="list-style-type: none"> <li>Financial grants to PH projects</li> </ul>		<ul style="list-style-type: none"> <li>Voting power</li> <li>Opportunity to steer important meetings (e.g. Presidency of Nuclear Non-Proliferation Treaty or NPT Review Conference in 2012)</li> <li>Opportunity to table General Assembly resolutions, such as on interfaith dialogue, disarmament, protection of migrant workers, and other important initiatives of the Philippines</li> </ul>	<ul style="list-style-type: none"> <li>Successful implementation of other Philippine government agencies of projects and programs initially tabled and negotiated by the DFA during the General Assembly and other meetings of the UN</li> </ul>



					<ul style="list-style-type: none"> <li>• Sharing and Learning experiences and best practices of other UN Member States</li> </ul>	
<p><b>UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP) TRUST FUND FOR THE IMPLEMENTATION OF THE ACTION PLAN FOR THE MARINE ENVIRONMENT AND COASTAL AREAS OF THE EAST ASIAN SEAS (COBSEA)</b></p>		<ul style="list-style-type: none"> <li>• Strengthening of information management through the development of a COBSEA Coordinating Centre (CCC)</li> <li>• Support for national capacities in strengthening the implementation of relevant Multilateral Environmental Agreements (MEAs ) and other international agreements and obligations</li> <li>• Assistance to member countries in addressing strategic and emerging issues of priority to the region</li> <li>• Strengthening of</li> </ul>		<ul style="list-style-type: none"> <li>• Strengthening of information management through the development of a COBSEA Coordinating Centre (CCC)</li> <li>• Support for national capacities in strengthening the implementation of relevant Multilateral Environmental Agreements (MEAs ) and other international agreements and obligations</li> <li>• Assistance to</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in COBSEA meetings where PH can push for its initiatives</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthening of regional cooperation.</li> </ul>

		<p>regional cooperation through the establishment of formal and informal partnerships in order to minimize duplication of efforts and to support COBSEA initiatives.</p> <ul style="list-style-type: none"> <li>• Voting power</li> </ul>		<p>member countries in addressing strategic and emerging issues of priority to the region</p> <ul style="list-style-type: none"> <li>• Strengthening of regional cooperation through the establishment of formal and informal partnerships in order to minimize duplication of efforts and to support COBSEA initiatives.</li> <li>• Voting power</li> </ul>		
<p><b>UNEP TRUST FUND FOR THE CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED</b></p>	<ul style="list-style-type: none"> <li>• Regulation of trade of endangered species through a mechanism of classifications through appendices.</li> </ul>	<ul style="list-style-type: none"> <li>• Protection of species against overexploitation resulting from unregulated international trade to promote their</li> </ul>		<ul style="list-style-type: none"> <li>• Regulation of trade of endangered species through a mechanism of classifications through</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in CITES meetings which enable PH to push for its initiatives</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Successful conservation of endangered species puts PH in a good standing and helps the DFA achieve more</li> </ul>

<p><b>SPECIES ON WILD FLORA AND FAUNA (CITES)</b></p>	<ul style="list-style-type: none"> <li>• Imposition of bans on the trade of wild species or products derived from them or regulation through import and export controls.</li> <li>• Rational and sustainable utilization of existing flora and fauna</li> </ul>	<p>aesthetic, scientific, cultural, recreational and economic value.</p> <ul style="list-style-type: none"> <li>• Voting power</li> </ul>		<p>appendices.</p> <ul style="list-style-type: none"> <li>• Imposition of bans on the trade of wild species or products derived from them or regulation through import and export controls.</li> <li>• Rational and sustainable utilization of existing flora and fauna</li> <li>• Voting power</li> </ul>		<p>support when it lobbies for it during the UN meetings</p>
<p><b>UNEP TRUST FUND FOR THE CONVENTION ON THE CONSERVATION OF THE MIGRATORY SPECIES AND WILD ANIMALS</b></p>	<ul style="list-style-type: none"> <li>• Scientific information and data exchange.</li> <li>• Capacity building, upgrading of local expertise through participation in/attendance to conferences, inter-governmental meetings, seminars,</li> </ul>	<ul style="list-style-type: none"> <li>• Strong international and regional cooperation/networking and assistance from member-countries under the COBSEA</li> <li>• Participation in the long and short term programmes being implemented by the UNEP such as the Swedish International</li> </ul>		<ul style="list-style-type: none"> <li>• Strong international and regional cooperation/networking and assistance from member-countries under the COBSEA</li> <li>• Participation in the long and short term programmes being</li> </ul>	<ul style="list-style-type: none"> <li>• Strong international and regional cooperation/networking and assistance from member-countries under the COBSEA</li> <li>• Participation in COBSEA meetings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• The conservation of PH's migratory species and wild animals puts the PH in a good standing and helps the DFA achieve more support when it lobbies for it during the UN meetings</li> </ul>

	<p>workshops, trainings and hands-on experiences at no cost to the government, e.g. Regional Workshop on Climate Change, Sea Level Rise and Coastal Erosion; Regional Workshop on Spatial Planning in the Coastal Zone; Korean Ocean Research and Development Institute (KORDI)-IOC/UNESCO Joint Workshop on Capacity Building for the UN Regular Process; Training/Workshop on Coastal and Marine Invasive and Alien Species; Regional Workshop on Coastal and Marine Multilateral</p>	<p>Development Cooperation Agency (SIDA)-supported Spatial Planning in the Coastal Zone – Disaster Prevention and Sustainable Development; the Green Fins Programme in the South East Asia Region; South East Asia Regional Project on Climate Change, Sea Level Rise and Coastal Erosion; UNEP/GEF (Global Environment Facility) South China Sea (SCS) Project “Reversing Environmental Degradation Trends in the South China Sea and Gulf of Thailand”; etc.</p> <ul style="list-style-type: none"> <li>• Voting power</li> </ul>		<p>implemented by the UNEP</p> <ul style="list-style-type: none"> <li>• Capacity building, upgrading of local expertise through participation in/attendance to conferences, inter-governmental meetings, seminars, workshops, trainings and hands-on experiences at no cost to the government, e.g. Regional Workshop on Climate Change, Sea Level Rise and Coastal Erosion; Regional Workshop on Spatial Planning in the Coastal Zone; Korean Ocean Research and Development</li> </ul>		
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	<p>Environment Agreements (MEAs); East Asian Seas Knowledgebase; Green Fins Programme in the South East Asia Region; Marine Litter/Debris; South East Asia START (Global Change SysTem for Analysis, Research and Training) Regional Center (SEA START RC) Geo-based Information System (GIS); and all such other activities under the SCS project on mangrove, seagrass, coral reefs, wetlands, land-based pollution, fisheries, economic</p>			<p>Institute (KORDI)-IOC/UNESCO Joint Workshop on Capacity Building for the UN Regular Process; Training/Workshop on Coastal and Marine Invasive and Alien Species; Regional Workshop on Coastal and Marine Multilateral Environment Agreements (MEAs); East Asian Seas Knowledgebase; Green Fins Programme in the South East Asia Region; Marine Litter/Debris; South East Asia START (Global Change SysTem for Analysis,</p>		
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	valuation, legal matters, and local government participation			<p>Research and Training) Regional Center (SEA START RC) Geo-based Information System (GIS); and all such other activities under the SCS</p> <ul style="list-style-type: none"> <li>• Voting power</li> </ul>		
<b>UNEP CONVENTION ON BIOLOGICAL DIVERSITY (CBD)</b>	<ul style="list-style-type: none"> <li>• Conservation of biological diversity</li> <li>• Sustainable use of components of biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in CBD meetings</li> <li>• Voting power</li> </ul>		<ul style="list-style-type: none"> <li>• Conservation of biological diversity</li> <li>• Sustainable use of components of biodiversity</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in CBD meetings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• The conservation of PH’s biological diversity adds weight to PH’s capability to translate agreed decisions into tangible results and thereby increases DFA’s voice when it lobbies for support and funding for more projects on biological diversity conservation during the UN meetings</li> </ul>

<p><b>UNEP TRUST FUND FOR THE BASEL CONVENTION ON THE CONTROL OF TRANSBOUNDARY MOVEMENTS OF HAZARDOUS WASTES AND THEIR DISPOSAL</b></p>	<ul style="list-style-type: none"> <li>• Provided resources such as technical guidelines on the environmentally sound management of various hazardous wastes, regional centers for training and technology transfer and technical assistance in developing national legislations, inventories of hazardous wastes and strengthening enforcement efforts</li> <li>• Reduced incidents of illegal transboundary traffic of hazardous wastes</li> <li>• Prevented disposal of hazardous wastes to developing countries such as PH</li> <li>• Prevented improper disposal which can lead to costly clean-</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced risk of damage to human health and the environment caused by improper management of hazardous wastes and their transboundary movement</li> <li>• Participated in Basel Convention meetings/workshops /trainings</li> <li>• Voting Power</li> </ul>	<ul style="list-style-type: none"> <li>• Provided resources such as technical guidelines on the environmentally sound management of various hazardous wastes, regional centers for training and technology transfer and technical assistance in developing national legislations, inventories of hazardous wastes and strengthening enforcement efforts</li> </ul>	<ul style="list-style-type: none"> <li>• Reduced risk of damage to human health and the environment caused by improper management of hazardous wastes and their transboundary movement</li> <li>• Reduced incidents of illegal transboundary traffic of hazardous wastes</li> <li>• Prevented disposal of hazardous wastes to developing countries such as PH</li> <li>• Prevented improper</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in Basel Convention meetings/worksh ops/trainings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• The DFA is able to promote PH as country that adheres to the complete control of transboundary movements of hazardous wastes and of their disposal</li> <li>• PH's good standing increases DFA's chance to obtain more support when it lobbies for technical assistance projects or other kinds of support from the UN</li> </ul>
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	up and site remediation activities			disposal which can lead to costly clean-up and site remediation activities <ul style="list-style-type: none"> <li>• Participated in Basel Convention meetings/works hops/trainings</li> <li>• Voting power</li> </ul>		
<b>STOCKHOLM CONVENTION ON PERSISTENT ORGANIC POLLUTANTS (POPS)</b>	<ul style="list-style-type: none"> <li>• UNIDO Non-Combustion Project (USD4.1million) in 2007</li> <li>• Project Preparation Grant for IPOPs (USD240,000) in 2009</li> <li>• Regional Demonstration of BAT and BEP in Fossil Fuel Fired Utility and Industrial Boilers in response to the Stockholm Convention (USD4 million) in 2010</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in meetings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• UNIDO Non-Combustion Project (USD4.1million) in 2007</li> <li>• Project Preparation Grant for IPOPs (USD240,000) in 2009</li> <li>• Regional Demonstration of BAT and BEP in Fossil Fuel Fired Utility and Industrial Boilers in response to</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in meetings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in meetings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• The DFA is able to promote PH as country committed to the elimination of POPs</li> <li>• PH's good standing increases DFA's chance to obtain more support when it lobbies for technical assistance projects or other kinds of support from the UN</li> </ul>



	<ul style="list-style-type: none"> <li>• Integrated Persistent Organic Pollutants (IPOP)s Management Project (USD8.6 million) in 2011</li> <li>• Technical and financial assistance for a sustained information and communication program, technology transfer for best available technologies (BAT) and best environmental practices (BEP) to control POP releases, conduct of researches as well as information exchange for sharing of experiences on dealing with POPs problems.</li> </ul>		<p>the Stockholm Convention (USD4 million) in 2010</p> <ul style="list-style-type: none"> <li>• Integrated Persistent Organic Pollutants (IPOP)s Management Project (USD8.6 million) in 2011</li> <li>• Technical and financial assistance for a sustained information and communication program, technology transfer for best available technologies (BAT) and best environmental practices (BEP) to control POP releases, conduct of</li> </ul>			
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			researches as well as information exchange for sharing of experiences on dealing with POPs problems.			
<b>TRUST FUND FOR THE MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE OZONE LAYER</b>	<ul style="list-style-type: none"> <li>PH has totally banned the importation of Chlorofluorocarbons (CFSs) beginning 2010 to comply with the National CFC Phase-out Plan and the Montreal Protocol on Sustances that Deplete the Ozone Layer.</li> <li>The Multilateral Fund of the Montreal Protocol had funded investment projects which phased out about 1,300 MT of</li> </ul>	<ul style="list-style-type: none"> <li>Public awareness of the ozone depletion project of UNEP and of the need to support ozone-depleting substances' (ODS) phase-out activities</li> <li>Voting power</li> </ul>	<ul style="list-style-type: none"> <li>In 1997, PH was awarded the "Outstanding National Ozone Unit Award for the Implementation of the Montreal Protocol" by the United Nations Environment Programme (UNEP)</li> </ul>	<ul style="list-style-type: none"> <li>Participation in meetings and in decision-making activities</li> <li>Voting power</li> </ul>	<ul style="list-style-type: none"> <li>Public awareness of the ozone depletion project of UNEP and of the need to support ozone-depleting substances' (ODS) phase-out activities</li> </ul>	<ul style="list-style-type: none"> <li>PH's good standing increases DFA's chance to obtain more support when it lobbies for technical assistance projects or other kinds of support from the UN</li> </ul>

	Ozone Depleting Substances (ODS) in various industry sectors in PH.					
<b>GENERAL TRUST FUND FOR THE CORE PROGRAMME BUDGET FOR THE BIOSAFETY PROTOCOL</b>		<ul style="list-style-type: none"> <li>Participation in the decision making process of the Meeting of the Parties which enables PH to advocate its position, taking into consideration its work on biotechnology research and biosafety and trade of GM commodities</li> </ul>		<ul style="list-style-type: none"> <li>Participation in the decision making process of the Meeting of the Parties which enables PH to advocate its position, taking into consideration its work on biotechnology research and biosafety and trade of GM commodities</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the decision making process of the Meeting of the Parties which enables PH to advocate its position, taking into consideration its work on biotechnology research and biosafety and trade of GM commodities</li> </ul>	
<b>TRUST FUND FOR THE CONVENTION ON THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC)</b>		<ul style="list-style-type: none"> <li>Collection and assessment of scientific knowledge available in three areas: (1) the enhanced greenhouse effect and the emissions of greenhouse gases; (2) the probable impacts of climate change on the</li> </ul>		<ul style="list-style-type: none"> <li>Collection and assessment of scientific knowledge available in three areas: (1) the enhanced greenhouse effect and the emissions</li> </ul>		<ul style="list-style-type: none"> <li>The DFA is able to project itself as a strong advocate in the adaptation and mitigation of climate change.</li> </ul>

		<p>environment, society and economy; and (3) the measure available to prevent global warming or to allow an adaption to the consequences.</p> <ul style="list-style-type: none"> <li>• Participation in IPCC meetings</li> <li>• Voting power</li> </ul>		<p>of greenhouse gases; (2) the probable impacts of climate change on the environment, society and economy; and (3) the measure available to prevent global warming or to allow an adaption to the consequences.</p> <ul style="list-style-type: none"> <li>• Participation in IPCC meetings</li> <li>• Voting power</li> </ul>		
<b>UN INTERNATIONAL TRIBUNAL FOR RWANDA (ICTR)</b>	<ul style="list-style-type: none"> <li>• Prosecution of persons responsible for genocide and other serious violations of international humanitarian law committed in the territory of Rwanda between 1 January</li> </ul>	<ul style="list-style-type: none"> <li>• Contributed to the process of national reconciliation in Rwanda and to the maintenance of peace in the region.</li> </ul>		<ul style="list-style-type: none"> <li>• Contributed to the process of national reconciliation in Rwanda and to the maintenance of peace in the region.</li> <li>• Prosecution of persons responsible for</li> </ul>		<ul style="list-style-type: none"> <li>• Enhances PH's stature as a country committed to the rule of law and the upholding of human rights</li> </ul>

	1994 and 31 December 1994 and to prosecute Rwandan citizens responsible for genocide and other such violations of international law committed in the territory of neighbouring States during the same period.			genocide and other serious violations of international humanitarian law committed in the territory of Rwanda between 1 January 1994 and 31 December 1994 and to prosecute Rwandan citizens responsible for genocide and other such violations of international law committed in the territory of neighbouring States during the same period.		
<b>UN INTERNATIONAL TRIBUNAL FOR THE FORMER YUGOSLAVIA (ICTY)</b>	<ul style="list-style-type: none"> <li>Prosecuted persons responsible for the war crimes</li> </ul>	<ul style="list-style-type: none"> <li>Dealt with war crimes that took place during the conflicts in the Balkans in the 1990's.</li> <li>Provided support for victims of the said war</li> </ul>		<ul style="list-style-type: none"> <li>Dealt with war crimes that took place during the conflicts in the Balkans in the 1990's.</li> </ul>		<ul style="list-style-type: none"> <li>Enhances PH's stature as a country committed to the rule of law and the upholding of</li> </ul>

		crimes		<ul style="list-style-type: none"> <li>• Prosecuted persons responsible for the war crimes</li> <li>• Provided support for victims of the said war crimes</li> </ul>		human rights
<b>UN PEACEKEEPING OPERATIONS (UNPKOs)</b>	<ul style="list-style-type: none"> <li>• Provides guidance and technical support for PH police and military personnel currently deployed in various missions.</li> <li>• Reimburse-ments to Filipino peacekeepers</li> </ul>	<ul style="list-style-type: none"> <li>• PH is able to contribute in the maintenance of international peace and security.</li> <li>• Participation in UN peacekeeping operations increases PH's influence in UN activities which PH can use to promote its national interests.</li> <li>• PH's presence in peacekeeping operations brings prestige to the country.</li> </ul>	<ul style="list-style-type: none"> <li>• Reimburse-ments to Filipino peacekeepers</li> </ul>	<ul style="list-style-type: none"> <li>• PH is able to contribute in the maintenance of international peace and security.</li> <li>• Participation in UN peacekeeping operations increases PH's influence in UN activities which PH can use to promote its national interests.</li> </ul> <p>PH's presence in peacekeeping operations brings prestige to the country.</p>	<ul style="list-style-type: none"> <li>• PH is able to contribute in the maintenance of international peace and security.</li> <li>• Participation in UN peacekeeping operations increases PH's influence in UN activities which PH can use to promote its national interests.</li> <li>• PH's presence in peacekeeping operations brings prestige to the country.</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in UN peacekeeping operations increases PH's influence in UN activities which PH can use to promote its national interests.</li> <li>• PH's presence in peacekeeping operations brings prestige to the country.</li> </ul>

<p><b>UN HIGH COMMISSIONER FOR REFUGEES (UNHCR)</b></p>	<ul style="list-style-type: none"> <li>Assisted in the joint UN response to the situation of Internally-Displaced Persons or IDPs in Mindanao since mid-2010</li> <li>Allotted USD4,457,762 in IDP-projects in Mindanao for 2012</li> </ul>	<ul style="list-style-type: none"> <li>PH, as a signatory State of the 1951 Convention on the status of refugees, is recognized as a valuable member of the UNCHR Executive Committee</li> <li>Provided support for the development of a national statelessness framework</li> <li>Provided support for the process</li> </ul>	<ul style="list-style-type: none"> <li>Allotted USD4,457,762 in IDP-projects in Mindanao for 2012</li> </ul>	<ul style="list-style-type: none"> <li>Participation in UNCHR Executive Committee Meetings where it could push for its interests in the protection of refugees</li> </ul>	<ul style="list-style-type: none"> <li>PH's Participation in UNCHR Executive Committee Meetings where it could push for its interests in the protection of refugees</li> </ul>	
<p><b>UN ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC (UNESCAP) ASIA AND PACIFIC CENTER FOR TRANSFER OF TECHNOLOGY (APCTT)</b></p>	<ul style="list-style-type: none"> <li>Participation in various international trainings/symposia/seminar workshop on designing effective S&amp;T incentive policy and programs, networking of R&amp;D institutions in the Asia-Pacific to strengthen capacity of R&amp;D management and innovation in the field of</li> </ul>	<ul style="list-style-type: none"> <li>Participation in the decision-making process of the APCTT, especially as member of the APCTT Governing Council</li> </ul>	<ul style="list-style-type: none"> <li>Funding assistance for trainings and for Filipinos sent to APCTT trainings and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Participation in various international trainings/symposia/seminar workshop on designing effective S&amp;T incentive policy and programs, networking of R&amp;D institutions in the Asia-Pacific to strengthen capacity of R&amp;D</li> </ul>		<ul style="list-style-type: none"> <li>PH's active participation in the APCTT provides prestige to PH and enables the DFA to promote its interests in the APCTT</li> </ul>

	<p>nanotechnology, promoting R&amp;D collaboration in the development of renewable energy micro-systems for rural applications and fostering business partnerships to promote the adoption and utilization of renewable energy technologies.</p> <ul style="list-style-type: none"> <li>• Co-sponsorship of the Training of Trainers Programme on "Planning and Implementing Technology Transfer Projects" on 7-9 November 2011</li> <li>• Participation in the Seventh Meeting of the Technical Committee on 28-29 November 2011 in Guangzhou, China</li> </ul>			<p>management and innovation in the field of nanotechnology, promoting R&amp;D collaboration in the development of renewable energy micro-systems for rural applications and fostering business partnerships to promote the adoption and utilization of renewable energy technologies.</p> <ul style="list-style-type: none"> <li>• Co-sponsorship of the Training of Trainers Programme on "Planning and Implementing Technology Transfer Projects" on 7-9 November 2011</li> <li>• Participation in the</li> </ul>		
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	<ul style="list-style-type: none"> <li>Participation in the Seventh Session of the Governing Council of APCTT on 09 December 2011 in Bangkok, Thailand</li> </ul>			<p>Seventh Meeting of the Technical Committee on 28-29 November 2011 in Guangzhou, China</p> <ul style="list-style-type: none"> <li>Participation in the Seventh Session of the Governing Council of APCTT on 09 December 2011 in Bangkok, Thailand</li> <li>Voting Power</li> </ul>		
<p><b>UNESCAP CENTER FOR ALLEVIATION OF POVERTY THROUGH SECONDARY CROPS DEVELOPMENT IN ASIA AND THE PACIFIC (CAPSA)</b></p>	<ul style="list-style-type: none"> <li>Capacity-building to produce, access and distribute safe and diversified food.</li> <li>Joint projects with CAPSA include (1) CERT: Adding value to fresh and processed produce through product certification in 2006-2008; (2) FEEDSEA: Prospects of Feed Crops in Southeast Asian countries in</li> </ul>	<ul style="list-style-type: none"> <li>Contributes to informed debate for better rural development policies.</li> <li>Helps PH identify research and extension approaches for sustainable agriculture practices especially for lands and areas where the poor are concentrated and for foods critical to the poor.</li> </ul>		<ul style="list-style-type: none"> <li>Contributes to informed debate for better rural development policies.</li> <li>Helps PH identify research and extension approaches for sustainable agriculture practices especially for lands and areas where the poor</li> </ul>	<ul style="list-style-type: none"> <li>Participation in CAPSA meetings</li> <li>Voting power</li> </ul>	<ul style="list-style-type: none"> <li>PH's good standing and active cooperation with CAPSA helps the DFA in influencing and gaining support from CAPSA members in times of meetings and negotiations</li> </ul>

	<p>2003-2004 (3) AGRI-ICT: Information and Communication Technologies in Relation to CGPRT Crops Agriculture in 2003; (4) ELNINO: Stabilization of upland agriculture and rural development in El Niño vulnerable countries in 2000-2003; (5) TradeLib: Effects of trade liberalization on agriculture in selected Asian countries with special focus on CGPRT crops in 1996-1999; (6) MPUPA: Market prospect of upland crop products and policy analysis in selected countries in Asia in 1994-1996; and (7) SUASA-I:</p>			<p>are concentrated and for foods critical to the poor.</p>		
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	Sustainable upland agriculture in Southeast Asia in 1994-1995					
<b>UNESCAP ASIA PACIFIC CENTER FOR AGRICULTURAL ENGINEERING AND MACHINERY (APCAEM)</b>	<ul style="list-style-type: none"> <li>• Assistance in enhancing agricultural mechanization through Information and Communications Technology (ICT).</li> <li>• Participation in trainings, workshops, study tours, conventions, exhibits, and conferences organized by APCAEM.</li> </ul>			<ul style="list-style-type: none"> <li>• Assistance in enhancing agricultural mechanization through Information and Communications Technology (ICT).</li> <li>• Participation in trainings, workshops, study tours, conventions, exhibits, and conferences organized by APCAEM.</li> </ul>		<ul style="list-style-type: none"> <li>• PH's good standing and active cooperation with CAPSA helps the DFA in influencing and gaining support from APCAEM members in times of meetings and negotiations</li> </ul>
<b>ECONOMIC AND SOCIAL COUNCIL FOR ASIA AND THE PACIFIC (ESCAP) - STATISTICAL INSTITUTE FOR ASIA AND PACIFIC (SIAP)</b>	<ul style="list-style-type: none"> <li>• Through availing of SIAP training programs on national accounts, trade, prices, information and communications technology, and</li> </ul>					<ul style="list-style-type: none"> <li>• The good stature of PH in the international community in terms of statistics helps the DFA in influencing other countries and in</li> </ul>

	<p>statistical management, PH has improved the quality of data generated and economic returns accruing to the country.</p> <ul style="list-style-type: none"> <li>• The National Statistical Coordination Board (NSCB) - Philippine Statistical System's participation in capacity-building programs enables it to provide quality statistical products and services and contribute to the good stature of PH in the international community in terms of statistics</li> </ul>					<p>further promoting PH's interests in the statistical world.</p>
<p><b>INTERNATIONAL TRIBUNAL FOR THE LAW OF THE SEA (ITLOS)</b></p>		<ul style="list-style-type: none"> <li>• Provided the judicial forum for the resolution of disputes pertaining to the release of detained</li> </ul>		<ul style="list-style-type: none"> <li>• Adjudication of disputes arising out of the interpretation and application of the</li> </ul>	<ul style="list-style-type: none"> <li>• ITLOS is important to PH, particularly to the DFA, noting the current issues on the West</li> </ul>	<ul style="list-style-type: none"> <li>• The up-to-date contributions by PH to the ITLOS budget assures the appropriate</li> </ul>

		Philippine-flagged ships.		UNCLOS	Philippine Sea. PH will seek the intervention of ITLOS in the peaceful resolution of the conflicting claims in the West Philippine Sea.	standing of PH before the Tribunal when the time comes from the PH to resort to the dispute settlement mechanism under the UNCLOS
<b>UN ASSEMBLY OF THE INTERNATIONAL SEABED AUTHORITY (ISA)</b>		<ul style="list-style-type: none"> <li>ISA provided opportunity for PH to protect its interest in its Extended Continental Shelf (ECS) as well as participate in the benefits to be derived from the exploitation and exploration of the Area pursuant to relevant sections of the UNCLOS</li> </ul>		<ul style="list-style-type: none"> <li>Opportunity for PH to seek election in the ISA Council to enable participation in the establishment of specific policies to be pursued by ISA</li> <li>PH's good standing provides means to promote PH's national interest in its ECS and to some extent in its 200 nautical mile continental shelf</li> </ul>	<ul style="list-style-type: none"> <li>Opportunity for PH to seek election in the ISA Council to enable participation in the establishment of specific policies to be pursued by ISA</li> </ul>	<ul style="list-style-type: none"> <li>PH's good standing provides means to promote PH's national interest in its ECS and to some extent in its 200 nautical mile continental shelf</li> </ul>

<p><b>UN INSTITUTE FOR TRAINING AND RESEARCH (UNITAR)</b></p>	<ul style="list-style-type: none"> <li>UNITAR conducts training programs in multilateral diplomacy and international cooperation for diplomats accredited to the UN activities. For the past years, UNITAR's activities in the field of training, capability building, and research on training methodologies have increased and the programs have been strengthened.</li> <li>PH has availed of many UNITAR organized training programs and courses covering different disciplines from diplomacy, international law, international trade, environment and</li> </ul>				<ul style="list-style-type: none"> <li>PH has availed of many UNITAR organized training programs and courses covering different disciplines from diplomacy, international law, international trade, environment and technology activities</li> </ul>	
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	technology activities					
<b>UN CENTRAL EMERGENCY RESPONSE FUND (CERF)</b>	<ul style="list-style-type: none"> <li>From 2006 to 2011, the CERF has granted a total of USD51,658,645.00 covering various projects on food, health, water and sanitation, shelter and non-food items, education, protection of human rights/rule of law, coordination and support services, agriculture and security.</li> <li>CERF has been providing humanitarian assistance to PH in times of typhoons and landfalls</li> </ul>		<ul style="list-style-type: none"> <li>From 2006 to 2011, the CERF has granted a total of USD51,658,645.00 covering various projects on food, health, water and sanitation, shelter and non-food items, education, protection of human rights/rule of law, coordination and support services, agriculture and security.</li> </ul>			<ul style="list-style-type: none"> <li>Generates goodwill</li> </ul>

<p><b>UN HIGH COMMISSIONER FOR HUMAN RIGHTS (UNHCHR)</b></p>		<ul style="list-style-type: none"> <li>• PH sits in the Human Rights Council (HRC) for the term 2011-2014</li> <li>• Voting power</li> </ul>			<ul style="list-style-type: none"> <li>• PH sits in the Human Rights Council (HRC) for the term 2011-2014</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• The DFA is able to project PH as a country committed to the upholding of human rights</li> </ul>
<p><b>UN DISASTER ASSESSMENT AND COORDINATION (UNDAC)</b></p>	<ul style="list-style-type: none"> <li>• The UNDAC has been implementing programs related to disaster risk reduction and management that enhance the capability of DRM practitioners of the National Disaster Risk Reduction and Management Council (NDRRMC) and strengthen regional cooperation on emergency management and response.</li> </ul>	<ul style="list-style-type: none"> <li>• The UNDAC team is a stand-by team of disaster management professionals who are nominated and funded by member governments, OCAH, UNDP and operational humanitarian UN agencies such as WFP, UNICEF and WHO. Upon request of disaster-stricken country, the UNDAC team are permanently on stand-by to deploy relief missions following disasters</li> <li>• PH has been participating in the UNDAC Advisory Board Annual meetings wherein best practices</li> </ul>	<ul style="list-style-type: none"> <li>• Provided relief missions in times of disasters</li> </ul>	<ul style="list-style-type: none"> <li>• The UNDAC has been implementing programs related to disaster risk reduction and management that enhance the capability of DRM practitioners of the National Disaster Risk Reduction and Management Council (NDRRMC) and strengthen regional cooperation on emergency management and response.</li> <li>• PH has been</li> </ul>		<ul style="list-style-type: none"> <li>• Generates goodwill as a result of cooperation especially in times of disasters</li> </ul>



		on disaster risk management are shared and learned.		participating in the UNDAC Advisory Board Annual meetings wherein best practices on disaster risk management are shared and learned.		
<b>UN ESCAP WMO TYPHOON COMMITTEE</b>		<ul style="list-style-type: none"> <li>The UNESCAP WMO Typhoon Committee provides support for the implementation of programs concerning the mitigation of the harmful effects caused by typhoons and associated floods, landslides, and storm surges. The Committee also coordinates and regularly reviews work related to typhoon monitoring and prediction activities and strengthens cooperation through sharing of information</li> </ul>		<ul style="list-style-type: none"> <li>The UNESCAP WMO Typhoon Committee provides support for the implementation of programs concerning the mitigation of the harmful effects caused by typhoons and associated floods, landslides, and storm surges. The Committee also coordinates and regularly reviews work related to</li> </ul>		

		and best practices among National Meteorological and Hydrological Services (NMHSs) in typhoon affected regions. PH is one of the founding members of the Committee.		typhoon monitoring and prediction activities and strengthens cooperation through sharing of information and best practices among National Meteorological and Hydrological Services (NMHSs) in typhoon affected regions. PH is one of the founding members of the Committee.		
<b>UNITED NATIONS DEVELOPMENT PROGRAMME (UNDP)</b>	<ul style="list-style-type: none"> <li>Implementation of programs under the Government of the Philippines-UNDP Country Programme Actions Plan (GOP-UNDP CPAP) 2005-2011</li> <li>Conduct of trainings on</li> </ul>	<ul style="list-style-type: none"> <li>UNDP has been assisting the PH in ensuring environmental sustainability, fostering democratic governance, crisis prevention and recovery, poverty reduction and support for the Millennium</li> </ul>	<ul style="list-style-type: none"> <li>Financial assistance to projects aimed at achieving the Millennium Development Goals (MDGs) by 2015</li> </ul>	<ul style="list-style-type: none"> <li>UNDP has been assisting the PH in ensuring environmental sustainability, fostering democratic governance, crisis prevention and recovery, poverty</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening of linkages between the UN, PH government and civil society</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced partnership with the UNDP and increased chances of forging more cooperation agreements to help achieve the Millennium</li> </ul>

	<p>mainstreaming gender- and age-sensitivity in HIV programs</p> <ul style="list-style-type: none"> <li>• Capacity-building for health practitioners, social workers, and LGUs</li> <li>• Development of online resource on HIV and AIDS for LGUs</li> </ul>	<p>Development Goals (MDGs) and combating HIV/AIDS</p> <ul style="list-style-type: none"> <li>• Assisted in the development of policies on poverty reduction and support for the Millennium Development Goals (MDGs)</li> <li>• Strengthening of linkages between the UN, PH government and civil society</li> </ul>		<p>reduction and support for the Millennium Development Goals (MDGs) and combating HIV/AIDS</p> <ul style="list-style-type: none"> <li>• Strengthening of linkages between the UN, PH government and civil society</li> </ul>		<p>Development Goals (MDGs)</p> <ul style="list-style-type: none"> <li>• Improvements in the MDG work of PH enhances DFA's representation and voice in the UN and helps the DFA achieve greater support from the UN</li> </ul>
<p><b>UN INTERNATIONAL CHILDREN'S FUND (UNICEF)</b></p>	<ul style="list-style-type: none"> <li>• UNICEF supported DOH effort to eliminate maternal and neonatal tetanus by 2013 by providing technical and financial assistance to Tetanus Toxoid Supplemental Immunization Activities (TT-SIA) in 10 identified high risk areas in Mindanao and</li> </ul>	<ul style="list-style-type: none"> <li>• UNICEF has been involved in building support and awareness on the issues of HIV and AIDS, infant feeding, violence and hygiene habits.</li> <li>• It is also a member of the Steering Committee of the Technical Assistance Facility of the DSWD which provides strategic guidance in</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance to Tetanus Toxoid Supplemental Immunization Activities (TT-SIA) in 10 identified high risk areas in Mindanao and Cordillera regions targeting about 1,010,751 women of</li> </ul>	<ul style="list-style-type: none"> <li>• UNICEF has been involved in building support and awareness on the issues of HIV and AIDS, infant feeding, violence and hygiene habits.</li> <li>• It is also a member of the Steering Committee</li> </ul>		<ul style="list-style-type: none"> <li>• Improvements in PH-UNICEF relations enhances DFA's representation and voice in the UN and helps the DFA achieve greater support for more projects in the future</li> </ul>

	<p>Cordillera regions targeting about 1,010,751 women of reproductive age group. UNICEF, in collaboration with DepEd, spearheaded institutionalization of Iodine Deficiency Disorders (IDD) prevention in the basic education sector through inclusion of IDD and Universal Salt Iodization Modules in basic school curriculum at elementary level. In partnership with Fit for School, Inc. and DepEd, UNICEF institutionalized a monitoring system that would ensure over 1 million primary school students participating in daily</p>	<p>formulating the five-year strategic technical assistance framework and annual technical assistance plan.</p> <ul style="list-style-type: none"> <li>• UNICEF entered into a MOA with the Mindanao Development Authority (MINDA) and supported its strengthening by building the capacity of its staff on human rights based approach to development and gender mainstreaming as well as policy analysis. building the capacity of its staff on human rights based approach to development and gender mainstreaming as well as policy analysis.</li> </ul>	<p>reproductive age group.</p>			
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	group hand washing, group flouride tooth brushing and bi-annual deworming.					
<b>UN VOLUNTEER PROGRAM (UNV)</b>	<ul style="list-style-type: none"> <li>UNV provides technical assistance to Philippine development projects particularly focusing on the achievement of the Millennium Development Goals (MDGs) and Medium-Term Development Plan (MTDP).</li> <li>It also provides training to PNVSA officials and staff. It also provides support to research and advocacy efforts on volunteerism which help in enhancing policy agenda, integrating volunteerism in UN and country</li> </ul>	<ul style="list-style-type: none"> <li>In 2011, 248 Filipinos served as International UN volunteers in 33 countries in Asia, Africa, Caribbean, Latin America and Eastern Europe. They promote technical cooperation among developing countries and achieve international goodwill for the PH in their countries of assignment.</li> </ul>	<ul style="list-style-type: none"> <li>UNV provided Php65,610.00 to partially fund the printing of PH's country report on the State of Volunteerism in the Philippines.</li> </ul>	<ul style="list-style-type: none"> <li>Technical cooperation among developing countries and achieve international goodwill for the PH</li> <li>Technical assistance to Philippine development projects particularly focusing on the achievement of the Millennium Development Goals (MDGs) and Medium-Term Development Plan (MTDP).</li> <li>Training to PNVSA officials and staff. It also provides</li> </ul>		<ul style="list-style-type: none"> <li>Achievement of international goodwill for the PH</li> </ul>

	<p>programs and promote volunteering to the general public</p> <ul style="list-style-type: none"> <li>• UNV also provided Php65,610.00 to partially fund the printing of PH's country report on the State of Volunteerism in the Philippines.</li> </ul>			<p>support to research and advocacy efforts on volunteerism which help in enhancing policy agenda, integrating volunteerism in UN and country programs and promote volunteering to the general public.</p>		
<p><b>UN COMMISSION ON HUMAN SETTLEMENT/HABITAT (UN HABITAT)</b></p>	<ul style="list-style-type: none"> <li>• From 2005-2010, the HUDCC received a total grant of USD1,170,000.00 from the UNCHS-Habitat for the implementation of the following projects: (1) Strengthening Philippine City Capacities in Addressing Climate Change Impacts Project</li> </ul>		<ul style="list-style-type: none"> <li>• From 2005-2010, the HUDCC received a total grant of USD1,170,000.00 from the UNCHS-Habitat for the implementation of the following projects: (1) Strengthening Philippine City Capacities in Addressing</li> </ul>			<ul style="list-style-type: none"> <li>• Generation of goodwill</li> </ul>

	<p>(USD650,000) in 2010; (2) Integrated Approaches to Poverty Reduction at the Neighborhood Level - A City without Slums Initiative (USD500,000) in 2005; and (3) National Urban Development and Housing Framework (NUDHF) (USD20,000) in 2008-2010. Said projects "laymanized" the climate change science for the city government and community leaders for them to fully understand climate change issues and what exactly they can and must do to prevent, mitigate and prepare for</p>		<p>Climate Change Impacts Project (USD650,000) in 2010; (2) Integrated Approaches to Poverty Reduction at the Neighborhood Level - A City without Slums Initiative (USD500,000) in 2005; and (3) National Urban Development and Housing Framework (NUDHF) (USD20,000) in 2008-2010. Said projects "laymanized" the climate change science for the city government and community leaders for them</p>			
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	<p>disasters and reduce manage risks; localized the housing policies and guidelines on site planning and house constructions with specific attention to local climate change scenarios, urban development and housing trends, and the poor's capacity to cope with disasters and extreme events; and engaged the poor's participation in defining risks and appropriate actions, among others.</p>		<p>to fully understand climate change issues and what exactly they can and must do to prevent, mitigate and prepare for disasters and reduce manage risks; localized the housing policies and guidelines on site planning and house constructions with specific attention to local climate change scenarios, urban development and housing trends, and the poor's capacity to cope with disasters and</p>			
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			extreme events; and engaged the poor's participation in defining risks and appropriate actions, among others.			
<p><b>UN ENTITY FOR GENDER EQUALITY AND THE EMPOWERMENT OF WOMEN (UN WOMEN) [FORMERLY UN DEVELOPMENT FUND FOR WOMEN (UNIFEM) AND INTERNATIONAL RESEARCH AND TRAINING INSTITUTE FOR THE ADVANCEMENT OF WOMEN (UN-INSTRAW)]</b></p>	<ul style="list-style-type: none"> <li>• Provided technical and financial support to those countries that request it and to forge effective partnerships with civil society; and to hold the UN system accountable for its own commitments on gender equality, including regular monitoring of system-wide progress.</li> </ul>	<ul style="list-style-type: none"> <li>• UN WOMEN supports inter-governmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global standards and norms; to help Member States to implement these standards</li> <li>• UN WOMEN is one of PH's major partners in pursuing gender equality and women's empowerment goals in the country.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial support for UN WOMEN projects in PH</li> </ul>	<ul style="list-style-type: none"> <li>• UN WOMEN supports inter-governmental bodies, such as the Commission on the Status of Women, in their formulation of policies, global standards and norms; to help Member States to implement these standards</li> <li>• UN WOMEN is one of PH's major partners in pursuing gender equality and women's empowerment</li> </ul>	<ul style="list-style-type: none"> <li>• PH was given a chance to run for a seat in the Executive Board of UN WOMEN for the term 2013-2015.</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• The DFA is able to project PH as a country committed to the achievement of gender equality and women empowerment in the international community</li> <li>• Generation of goodwill</li> </ul>

				goals in the country.		
<b>UN CONVENTION TO COMBAT DESERTIFICATION (UNCCD)</b>		<ul style="list-style-type: none"> <li>• Participation in the sessions of the subsidiary institutions (CST and CRIC) of UNCCD preparatory to the 10th Session of the Conference of the Parties which enabled PH to contribute to the implementation of the Convention and its 10-year Strategic Plan and Framework</li> <li>• Exchange of more innovative and new scientific approaches to address the adverse impacts of land degradation and drought through sustainable land management</li> <li>• Creation of linkages and networking with other Parties to the</li> </ul>		<ul style="list-style-type: none"> <li>• Participation in the sessions of the subsidiary institutions (CST and CRIC) of UNCCD preparatory to the 10th Session of the Conference of the Parties which enabled PH to contribute to the implementation of the Convention and its 10-year Strategic Plan and Framework</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in UNCCD Sessions</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Goodwill generated from linkages and partnership with other member states</li> </ul>

		Convention to explore funding opportunities to implement PH's National Action Program to combat land degradation and drought.				
<b>UN FRAMEWORK CONVENTION ON CLIMATE CHANGE (UNFCCC)</b>	<ul style="list-style-type: none"> <li>• Participation of country representatives to the Convention's sessions, workshops, and relevant meetings of which travel-related costs are covered.</li> <li>• Capacity building activities such as training-workshops and in most cases, had the privilege of hosting international events and meetings of which costs are largely shouldered by the Convention Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>• Free access to available updated climate change information materials and relevant training materials which in turn could be disseminated and used among concerned agencies and organizations in the country.</li> </ul>		<ul style="list-style-type: none"> <li>• UNFCCC lays the framework for negotiations on bilateral or multilateral agreements and projects on climate change mitigation and adaptation</li> </ul>	<ul style="list-style-type: none"> <li>• The DFA is able to negotiate during UNFCCC sessions and push for its climate change adaptation and mitigation strategies and cooperation projects</li> </ul>	

<p><b>CONVENTION ON THE PROHIBITION OF THE DEVELOPMENT, PRODUCTION AND STOCKPILING OF BACTERIOLOGICAL (BIOLOGICAL) AND TOXIN WEAPONS AND ON THEIR DESTRUCTION (BWC)</b></p>		<ul style="list-style-type: none"> <li>• Participation in meetings aimed at achieving general and complete disarmament under strict and effective control, including the prohibition and elimination of all types of weapons of mass destruction</li> </ul>			<ul style="list-style-type: none"> <li>• Participation in meetings aimed at achieving general and complete disarmament under strict and effective control, including the prohibition and elimination of all types of weapons of mass destruction</li> </ul>	
<p><b>MEETING OF THE STATES PARTIES TO THE CONVENTION ON THE PROHIBITION OF THE USE, STOCKPILING, AND PRODUCTION AND TRANSFER OF ANTI-PERSONNEL MINES AND ON THEIR DESTRUCTION (APLC)</b></p>		<ul style="list-style-type: none"> <li>• Participation in meetings aimed at achieving complete prohibition, use, stockpiling, production and transfer of anti-personnel mines</li> </ul>			<ul style="list-style-type: none"> <li>• Participation in meetings aimed at achieving complete prohibition, use, stockpiling, production and transfer of anti-personnel mines</li> </ul>	

<p><b>CONVENTION ON THE PROHIBITION OR RESTRICTIONS ON THE USE OF CERTAIN CONVENTIONAL WEAPONS (CCW)</b></p>		<ul style="list-style-type: none"> <li>• Participation in CCW meetings to review its operation, prepare for review conferences, and consider technological developments that may assist in the protection of civilians from the indiscriminate effects of conventional weapons</li> </ul>			<ul style="list-style-type: none"> <li>• Participation in CCW meetings to review its operation, prepare for review conferences, and consider technological developments that may assist in the protection of civilians from the indiscriminate effects of conventional weapons</li> </ul>	
<p><b>ROTTERDAM CONVENTION</b></p>		<ul style="list-style-type: none"> <li>• Participation in meetings organized by the Rotterdam Convention</li> <li>• Increase in awareness of certain hazards of industrial chemicals in international trade</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance to countries who participate in the meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in meetings organized by the Rotterdam Convention</li> <li>• Increase in awareness of certain hazards of industrial chemicals in international trade</li> </ul>		<ul style="list-style-type: none"> <li>• Generation of goodwill and PH's good standing in the international community</li> </ul>

<p><b>UN SECRETARIAT FOR THE INTERNATIONAL DECADE FOR NATURAL DISASTER REDUCTION</b></p>	<ul style="list-style-type: none"> <li>The ISDR has been implementing programs related to disaster risk and management that enhance the capability of practitioners of the National Disaster Risk Reduction and Management Council (NDRRMC). Among the programs PH participates in are: UNISDR Caucus on Linking Disaster Risk Reduction and Climate Change Adaptation for Effective Risk Governance in the Philippines (Kobe, Japan, November 2011); and Local Government Self-Assessment Tool (LGSAT) Workshop (Incheon, ROK).</li> </ul>	<ul style="list-style-type: none"> <li>The ISDR serves as a main forum within the UN for continued and concerted emphasis on national disaster reduction, particularly, in defining strategies for international cooperation of all levels in this field, while ensuring complementary action with other agencies.</li> </ul>		<p>The ISDR has been implementing programs related to disaster risk and management that enhance the capability of practitioners of the National Disaster Risk Reduction and Management Council (NDRRMC). Among the programs PH participates in are: UNISDR Caucus on Linking Disaster Risk Reduction and Climate Change Adaptation for Effective Risk Governance in the Philippines (Kobe, Japan, November 2011); and Local Government Self-Assessment Tool (LGSAT) Workshop (Incheon, ROK).</p>		<ul style="list-style-type: none"> <li>PH's good standing adds weight during negotiations and meetings, especially when PH pushes for its national interests</li> </ul>
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<p><b>WHO FRAMEWORK CONVENTION ON TOBACCO CONTROL (FCTC)</b></p>	<ul style="list-style-type: none"> <li>The funds provided by WHO FCTC is higher by USD863,868.00 than the voluntary assessed contributions of PH in the last two biennium periods (USD27,434.00).</li> </ul>	<ul style="list-style-type: none"> <li>PH is able to access other sources of fund from WHO FCTC which can be used in delivering basic health-related services to control non-communicable diseases associated with tobacco use.</li> </ul>	<ul style="list-style-type: none"> <li>The funds provided by WHO FCTC is higher by USD863,868.00 than the voluntary assessed contributions of PH in the last two biennium periods (USD27,434.00).</li> <li>PH is able to access other sources of fund from WHO FCTC which can be used in delivering basic health-related services to control non-communicable diseases associated with tobacco use.</li> </ul>			<ul style="list-style-type: none"> <li>PH's good standing adds weight during negotiations and meetings, especially when PH pushes for its national interests</li> </ul>
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<p><b>FOOD AND AGRICULTURE ORGANIZATION (FAO)</b></p>	<ul style="list-style-type: none"> <li>• Technical and financial assistance in agriculture-related projects and activities</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in FAO sessions</li> <li>• Networking and linkages</li> <li>• Access to agricultural products and technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance in the implementation of FAO projects</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in FAO sessions</li> <li>• Networking and linkages</li> </ul> <p>Access to agricultural products and technologies</p>	<ul style="list-style-type: none"> <li>• Participation in FAO meetings in Rome</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Generates PH's good standing which helps DFA push for PH's priority projects and initiatives in times of negotiations and meetings</li> </ul>
<p><b>THE INTERNATIONAL TREATY ON PLANT GENETIC RESOURCES (UNDER FAO)</b></p>	<ul style="list-style-type: none"> <li>• In 2011, FAO assisted in formulating a legal framework that will allow PH to access Annex 1 crops and facilitate access through the Multilateral System of exchange in the amount of USD10,000. In accordance with the terms and conditions of the Standard Material Transfer Agreement (SMTA), recipients pay an equitable share of financial</li> </ul>	<ul style="list-style-type: none"> <li>• The ITPGRFA allows governments, farmers, research institutes, and agro-industries to work together by pooling their genetic resources and sharing the benefits from their use in modern plant breeding and biotechnology.</li> </ul>	<ul style="list-style-type: none"> <li>• In 2011, FAO assisted in formulating a legal framework that will allow PH to access Annex 1 crops and facilitate access through the Multilateral System of exchange in the amount of USD10,000. In accordance with the terms and conditions of the Standard Material Transfer</li> </ul>	<ul style="list-style-type: none"> <li>• Exchange of information, technology transfer and capacity-building through programs for scientific and technical education and training, research facilities and scientific research in cooperation with national institutions.</li> <li>• ITPGRFA allows PH to share with the developments in food and agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in ITPGRFA meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Generates PH's good standing which helps DFA push for PH's priority projects and initiatives in times of negotiations and meetings</li> </ul>



	<p>benefits into the ITPGRFA's Benefit-sharing Fund whenever a commercialized product resulting from material obtained from the Multilateral System is not freely available for further research and breeding. Accumulated funds flow primarily to farmers in developing countries who use and conserve crop diversity.</p>		<p>Agreement (SMTA), recipients pay an equitable share of financial benefits into the ITPGRFA's Benefit-sharing Fund whenever a commercialized product resulting from material obtained from the Multilateral System is not freely available for further research and breeding. Accumulated funds flow primarily to farmers in developing countries who use and</p>	<p>researches.</p>		
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			conserve crop diversity.			
<b>INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA)</b>	<ul style="list-style-type: none"> <li>IDA is one of the largest sources of assistance for the world's 78 poorest countries, 39 of which are in Africa. PH became a member of IDA in 1960.</li> </ul>		<ul style="list-style-type: none"> <li>IDA is one of the largest sources of assistance for the world's 78 poorest countries, 39 of which are in Africa. PH became a member of IDA in 1960.</li> </ul>	<ul style="list-style-type: none"> <li>To date, PH's votes are 109,976. PH's voting power of 0.45% is greater than Thailand (0.34%), Malaysia (0.32%), Singapore (0.23%), Vietnam (0.26%) but less than Indonesia (0.78%).</li> </ul>		<ul style="list-style-type: none"> <li>Maintenance of PH's voting power</li> </ul>
<b>ORGANIZATION FOR THE PROHIBITION OF CHEMICAL WEAPONS (OPCW)</b>	Implementation of the provisions of the Chemical Weapons Convention in order to achieve a world free of chemical weapons and to promote the peaceful uses of chemistry.	<ul style="list-style-type: none"> <li>As a State Party to the Chemical Weapons Convention, the Philippines actively participates in the work of the OPCW and supports the thrust of the OPCW to contribute to the maintenance of international security and stability, general and complete disarmament and</li> </ul>		<ul style="list-style-type: none"> <li>As a State Party to the Chemical Weapons Convention, the Philippines actively participates in the work of the OPCW and supports the thrust of the OPCW to contribute to the maintenance of international</li> </ul>	<ul style="list-style-type: none"> <li>As a State Party to the Chemical Weapons Convention, the Philippines actively participates in the work of the OPCW and supports the thrust of the OPCW to contribute to the maintenance of international</li> </ul>	<ul style="list-style-type: none"> <li>Generates PH's good standing which helps DFA push for PH's priority projects and initiatives in times of negotiations and meetings</li> </ul>

		global economic development.		security and stability, general and complete disarmament and global economic development.	security and stability, general and complete disarmament and global economic development.	
<b>PREPARATORY COMMISSION FOR THE COMPREHENSIVE NUCLEAR TEST-BAN TREATY ORGANIZATION (CTBTO)</b>	As a State Party to the Comprehensive Nuclear Test Ban Treaty (CTBT), the Philippines has consistently supported the expansion of the International Monitoring System as it is crucial in strengthening the verification regime of the CTBT. The Philippine Nuclear Research Institute, which is the Philippine National Authority for the implementation of the CTBT in the country, operates Radionuclide Station RN-52 in cooperation with PAGASA while PHILVOCS and Manila	<ul style="list-style-type: none"> <li>• Participation in CTBTO meetings and negotiations</li> </ul>		<ul style="list-style-type: none"> <li>• Participation in CTBTO meetings and negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in CTBTO meetings and negotiations</li> </ul>	<ul style="list-style-type: none"> <li>• PH's good standing adds to the influence of PH in times of negotiations when it pushes for national interests</li> </ul>

	Observatory are the owners and operators of the two auxiliary seismic monitoring stations in the country					
<b>INTERNATIONAL CENTER FOR THE STUDY OF THE PRESERVATION AND RESTORATION OF CULTURAL PROPERTY (ICCROM)</b>		<ul style="list-style-type: none"> <li>Assists in the conservation of PH's cultural heritage</li> <li>PH is able to field experts in the ICCROM council. For instance, Dr. Corazon Alvina of the National Museum sat in the Council from 2008 to 2011.</li> </ul>		<ul style="list-style-type: none"> <li>Assists in the conservation of PH's cultural heritage</li> <li>PH is able to field experts in the ICCROM council. For instance, Dr. Corazon Alvina of the National Museum sat in the Council from 2008 to 2011</li> </ul>		<ul style="list-style-type: none"> <li>Adds prestige to PH and generates goodwill</li> </ul>
<b>UN EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANIZATION (UNESCO)</b>	<ul style="list-style-type: none"> <li>Technical cooperation in the fields of education, science, culture and communication</li> <li>Advancement, transfer and sharing of knowledge through research, training and teaching activities</li> </ul>	<ul style="list-style-type: none"> <li>Expertise provided to member states for development policies and projects</li> <li>Exchange of special information</li> <li>Participation in meetings and General Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>Financial support for participation in programs, projects, training courses and fellowships</li> </ul>	<ul style="list-style-type: none"> <li>Expertise provided to member states for development policies and projects</li> <li>Exchange of special information</li> </ul>	<ul style="list-style-type: none"> <li>PH's Ambassador to Paris, France serves as Permanent Delegate to the UNESCO</li> <li>Voting power</li> <li>Participation in meetings and General Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>Generation of goodwill</li> <li>Increases stature of PH when it pushes for its initiatives in UNESCO</li> </ul>

	<ul style="list-style-type: none"> <li>• Future-oriented studies in education, science, culture and communication for third millennium</li> </ul>					
<p><b>UNESCO WORLD HERITAGE FUND</b></p>	<ul style="list-style-type: none"> <li>• Financial assistance for the Rehabilitation of the Rice Terraces of the Philippine Cordilleras</li> <li>• Financial assistance for the Conservation Management and Monitoring of Tubbataha Reefs Natural Park</li> <li>• Provision of provisional and educational materials on World Heritage</li> <li>• Technical assistance in the form of site monitoring and assessment, particularly in the Rice Terraces of the</li> </ul>	<ul style="list-style-type: none"> <li>• Conservation and safeguarding of PH's World Heritage Sites</li> <li>• Promotion of World Heritage</li> <li>• Awareness among Filipinos, particularly but not exclusively, the youth</li> <li>• Participation in meetings and General Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance for the Rehabilitation of the Rice Terraces of the Philippine Cordilleras</li> <li>• Financial assistance for the Conservation Management and Monitoring of Tubbataha Reefs Natural Park</li> </ul>	<ul style="list-style-type: none"> <li>• Conservation and safeguarding of PH's World Heritage Sites</li> <li>• Promotion of World Heritage</li> <li>• Awareness among Filipinos, particularly but not exclusively, the youth</li> </ul>	<ul style="list-style-type: none"> <li>• PH's Ambassador to Paris, France serves as Permanent Delegate to the UNESCO-WHF</li> <li>• Voting power</li> <li>• Participation in meetings and General Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>• Generation of goodwill</li> <li>• Increases stature of PH when it pushes for its initiatives</li> </ul>

	Philippine Cordilleras					
<b>SAFEGUARDING OF THE INTANGIBLE CULTURAL HERITAGE</b>	<ul style="list-style-type: none"> <li>Financial assistance for the participation of a PH expert to the Meeting of the Intergovernmental Committee of the ICH</li> <li>Provision of promotional and educational materials on Intangible Cultural Heritage</li> <li>Technical assistance for the promotion and safeguarding of the Philippine Intangible Cultural Heritage (as inscribed in the Representative List of ICH)</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring and safeguarding of Philippine Intangible Cultural Heritage</li> <li>Participation in meetings and General Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>Financial assistance for the participation of a PH expert to the Meeting of the Intergovernmental Committee of the ICH</li> </ul>	<ul style="list-style-type: none"> <li>Provision of promotional and educational materials on Intangible Cultural Heritage</li> <li>Technical assistance for the promotion and safeguarding of the Philippine Intangible Cultural Heritage (as inscribed in the Representative List of ICH)</li> </ul>	<ul style="list-style-type: none"> <li>PH's Ambassador to Paris, France serves as Permanent Delegate to the UNESCO-ICH</li> <li>Voting power</li> <li>Participation in meetings and General Assemblies</li> </ul>	<ul style="list-style-type: none"> <li>Generation of goodwill</li> <li>Increases stature of PH when it pushes for its initiatives</li> </ul>

<p><b>WORLD HEALTH ORGANIZATION (WHO)</b></p>	<ul style="list-style-type: none"> <li>• Transfer of technology and sharing medical discoveries is</li> <li>• Manila is the seat of the WHO Regional Office for the Western Pacific Region. WHO, through its Philippine Office, has been a primary technical partner of the DOH.</li> </ul>	<ul style="list-style-type: none"> <li>• It has supported the Health Sector Reform Agenda, <i>Fourmula One</i> for Health and now the initiatives under the Aquino Health Agenda: Achieving Universal Health Care for all Filipinos.</li> <li>• Assistance in the development of PH policies on health</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance for WHO projects in PH</li> </ul>	<ul style="list-style-type: none"> <li>• It has supported the Health Sector Reform Agenda, <i>Fourmula One</i> for Health and now the initiatives under the Aquino Health Agenda: Achieving Universal Health Care for all Filipinos.</li> <li>• Assistance in the development of PH policies on health</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in WHO meetings</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment of contributions adds prestige to PH and increases its voice and influence especially during negotiations on key initiatives and issues in the WHO community</li> </ul>
<p><b>INTERNATIONAL LABOR ORGANIZATION (ILO)</b></p>	<ul style="list-style-type: none"> <li>• Manila is the seat of ILO's South-East Asia and the Pacific Multidisciplinary Advisory Team (SEAPAT) which is responsible for a range of technical cooperation activities in various fields.</li> <li>• ILO is a major financial and</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of Freedom of Association (FOA), Collective Bargaining (CB), including civil liberties in economic zones</li> <li>• Partnership with DOLE in the institution of Indigenous People's Organization (CARAGA region)</li> <li>• Partnership with WHO in instituting a Joint</li> </ul>	<ul style="list-style-type: none"> <li>• ILO is a major financial and technical contributor to the PH Government in the promotion of international labor standards and in the formulation of sound/pertinent national policies</li> </ul>	<ul style="list-style-type: none"> <li>• ILO also provided support in the promotion of the ratification of 5 ILO conventions by provided technical advisory services, funding for national and subnational consultations, research, orientation and</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in ILO meetings</li> <li>• Assists in the promotion of the welfare of migrant workers</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment of contributions adds prestige to PH and increases its voice and influence especially during negotiations on key initiatives and future cooperation projects or agreements</li> <li>• The DFA is able to</li> </ul>

	<p>technical contributor to the PH Government in the promotion of international labor standards and in the formulation of sound/pertinent national policies and programs towards the creation of decent and productive employment that focus on sustained and greener growth.</p> <ul style="list-style-type: none"> <li>• Completion of the Public Employment Service Office (PESO) Institutionalization Kit and the National Action Agenda "Alternative Pathways: Towards Charting an Actionable</li> </ul>	<p>Programme on promoting healthy lifestyles among young professionals; and assistance to 186 return migrants and 20 migrant families through group conferences and individual assessments , psychosocial counselling, stress debriefing, and psychiatric treatment.</p> <ul style="list-style-type: none"> <li>• Participation in ILO meetings</li> </ul>	<p>and programs towards the creation of decent and productive employment that focus on sustained and greener growth.</p>	<p>trainings: Maritime Labor Convention, 2006, Seafarers' Identity Documents (C185), Indigenous and Tribal Peoples Convention, 1939 (C169), and Domestic Workers' Convention (C189)</p> <ul style="list-style-type: none"> <li>• Participation in ILO meetings</li> </ul>		<p>promote the welfare of Filipino migrant workers</p> <ul style="list-style-type: none"> <li>• The DFA is able to push for the Convention on the Protection of Migrant Workers and Members of their Families in international fora</li> </ul>
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	<p>Framework for Youth Employment and Migration"</p> <ul style="list-style-type: none"> <li>• ILO also provided Technical Cooperation projects like Greener Business Asia, Green Jobs Asia, promoting decent work across borders, popularizing healthy lifestyles among BPO workers and employers, strengthening PH institutional capacity to adapt to climate change, and micro insurance policy.</li> </ul>					
<p><b>INTERNATIONAL ATOMIC ENERGY AGENCY (IAEA)</b></p>	<ul style="list-style-type: none"> <li>• Technical assistance, trainings, workshops and other capacity-building programs</li> </ul>	<ul style="list-style-type: none"> <li>• The IAEA works for the safe, secure and peaceful uses of nuclear science and technology.</li> <li>• Enhances the security</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistants to Filipino participants who attend trainings and workshops</li> </ul>	<ul style="list-style-type: none"> <li>• Played a vital role in assisting the Philippine Government with strengthening its national nuclear</li> </ul>	<ul style="list-style-type: none"> <li>• DFA participation in IAEA General Conferences and meetings and negotiations</li> <li>• Voting power</li> </ul>	<ul style="list-style-type: none"> <li>• Generation of goodwill</li> <li>• PH's timely payment adds prestige and voice to the PH and to</li> </ul>

	<p>availed by Filipino experts</p> <ul style="list-style-type: none"> <li>• Technical cooperation projects like (1) Human Resource Development and Nuclear Technology Support; (2) Development of a Near Surface Radioactive Waste Disposal Facility; (3) Enhancing Agricultural Productivity through Radiation Technology in Mindanao; (4) Assessment of Erosion and Sedimentation Processes for Effective Formulation of Soil Conservation and Water Quality Protection Measures; (5)</li> </ul>	<p>of radioactive sources.</p> <ul style="list-style-type: none"> <li>• Played a vital role in assisting the Philippine Government with strengthening its national nuclear security and safety regimes.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial assistance to technical cooperation projects</li> </ul>	<p>security and safety regimes.</p>		<p>the DFA in times of discussions and negotiations on issues of mutual concern</p>
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	Nuclear Analytical Techniques for Evaluation of Airborne from Fossil Fuel-fired power plants; among others					
<b>WORLD METEOROLOGICAL ORGANIZATION (WMO)</b>	<ul style="list-style-type: none"> <li>Participation in international scientific activities in the areas of meteorological forecasting.</li> </ul>	<ul style="list-style-type: none"> <li>Access to researches on atmospheric pollution and the climate.</li> <li>Assistance in the evaluation of the hydrological resources of the planet and observation of stratospheric ozone</li> </ul>		<ul style="list-style-type: none"> <li>Participation in WMO meetings</li> <li>Voting power</li> </ul>		<ul style="list-style-type: none"> <li>Generation of goodwill</li> <li>Increase in PH's good standing in the WMO community</li> </ul>
<b>INTERNATIONAL TELECOMMUNICATIONS UNION (ITU)</b>	<ul style="list-style-type: none"> <li>Trainings, study visits, exchange programs, workshops, forums and seminars and fellowships</li> <li>Technical assistance to development and infrastructure projects on telecommunications</li> </ul>	<ul style="list-style-type: none"> <li>PH is a member of the ITU Council, the ITU Governing body.</li> <li>PH has been an active member of the ITU, participating and contributing to discussion to address key policy and regulatory issues related to telecommunications.</li> <li>Participation and</li> </ul>		<ul style="list-style-type: none"> <li>PH is a member of the ITU Council, the ITU Governing body.</li> <li>PH has been an active member of the ITU, participating and contributing to discussion to address key policy and regulatory issues related to</li> </ul>	<ul style="list-style-type: none"> <li>PH was able to secure a seat in the ITU Council for the term 2011-2014</li> <li>Participation and exercise of voting privileges to Plenipotentiary Conferences and Council Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Foster goodwill as a Council Member and Member State</li> </ul>

	<ul style="list-style-type: none"> <li>• Career opportunities for Filipino IT/telecommunications specialists and other professionals</li> </ul>	<p>exercise of voting privileges to Plenipotentiary Conferences and Council Meetings</p> <ul style="list-style-type: none"> <li>• Free access to ITU documents</li> </ul>		<p>telecommunications.</p> <ul style="list-style-type: none"> <li>• Participation and exercise of voting privileges to Plenipotentiary Conferences and Council Meetings</li> <li>• Free access to ITU documents</li> </ul>		
<b>WORLD TRADE ORGANIZATION (GATT-WTO)</b>	<ul style="list-style-type: none"> <li>• Income generated by PH in the export of PH goods and services</li> </ul>	<ul style="list-style-type: none"> <li>• Non-discriminatory access of PH goods and services in the markets of WTO members</li> <li>• WTO governs the conduct of business in the global trading system</li> <li>• Voting power</li> <li>• Participation in meetings and assemblies of the GATT-WTO</li> </ul>	<ul style="list-style-type: none"> <li>• Income generated by PH in the export of PH goods and services</li> </ul>	<ul style="list-style-type: none"> <li>• Non-discriminatory access of PH goods and services in the markets of WTO members</li> <li>• WTO governs the conduct of business in the global trading system</li> <li>• Voting power</li> </ul>		<ul style="list-style-type: none"> <li>• Fosters goodwill as Member State</li> <li>• Timely payment of contributions ensures that PH has a voice in meetings and negotiations also attended by the DFA</li> </ul>
<b>WORLD TOURISM ORGANIZATION (UNWTO)</b>	<ul style="list-style-type: none"> <li>• Technical assistance in the areas of policy formulation and manpower</li> </ul>	<ul style="list-style-type: none"> <li>• Served as an important forum for tourism policy issues and a practical source of tourism know-how</li> </ul>		<ul style="list-style-type: none"> <li>• Served as an important forum for tourism policy issues and a practical source of</li> </ul>		<ul style="list-style-type: none"> <li>• Fosters goodwill as Member State</li> <li>• Timely payment of contributions ensures that PH</li> </ul>

	<p>development, planning, research and statistics, and marketing.</p> <ul style="list-style-type: none"> <li>• Capacity building on tourism statistics in Asia</li> </ul>	<ul style="list-style-type: none"> <li>• PH became a member of the Statistics and Tourism Satellite Account committee, Sustainable Development on Tourism committee and Tourism Ethics committee</li> <li>• Participation in various conferences</li> <li>• Access to publications and studies on regional issues affecting tourism</li> <li>• Voting power</li> </ul>		<p>tourism know-how</p> <ul style="list-style-type: none"> <li>• PH became a member of the Statistics and Tourism Satellite Account committee, Sustainable Development on Tourism committee and Tourism Ethics committee</li> <li>• Participation in various conferences</li> <li>• Access to publications and studies on regional issues affecting tourism</li> <li>• Voting power</li> </ul>		<p>has a voice in meetings and negotiations also attended by the DFA</p> <ul style="list-style-type: none"> <li>• Helps DFA to project to the international community that “It’s more fun in the Philippines”</li> </ul>
<p><b>INTERNATIONAL MARITIME ORGANIZATION (IMO)</b></p>	<ul style="list-style-type: none"> <li>• PH's membership also results in more registration of ships under PH flag, thereby generating employment opportunities for</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in IMO meetings</li> <li>• Participation in policy-making activities as a member of the IMO Council</li> </ul>	<ul style="list-style-type: none"> <li>• PH also generates revenues from administrative fees amounting to Php376,851,833</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in IMO meetings</li> <li>• Participation in policy making activities as a member of the IMO Council</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in policy-making activities as a member of the IMO Council</li> <li>• PH was given a chance to field a</li> </ul>	<ul style="list-style-type: none"> <li>• PH's membership to IMO accords her the status of a responsible flag state which adopts and implements</li> </ul>

	<p>Filipino seafarers as well as in other ancillary industries (e.g., manning agencies, ship management, training).</p> <ul style="list-style-type: none"> <li>As of December 2011, there are around 343,000 Filipino seafarers onboard ships trading overseas, approximately 20% of the global total.</li> <li>PH also avails IMO technical assistance, scholarship grants, and capacity-building initiatives. As of today, the cost of a fellowship award from the World Maritime University (WMU) is USD50,000</li> <li>PH is one of the largest recipients of WMU education. As</li> </ul>	<ul style="list-style-type: none"> <li>Voting power</li> <li>Networking and linkages with other IMO members</li> </ul>	<p>.01 for FY 2011, payment of withholding taxes on bareboat charter hire for overseas ships and annual tonnage tax for domestic ships amounting to Php69,102,810. 69 and Php38,173,900. 42, respectively for FY 2011, and foreign remittances of seafarers from January to November 2011 in the amount of USD3.913 billion, up to 13.8% from USD3.438 billion in the same period in 2010.</p>	<ul style="list-style-type: none"> <li>Voting power</li> </ul>	<p>candidate to the position of IMO Secretary General (Mr. Neil Frank Ferrer of DFA)</p>	<p>internationally accepted rules and regulations, standards and codes of conduct in respect of maritime safety and marine environmental protection.</p> <ul style="list-style-type: none"> <li>Fosters goodwill and adds prestige to PH</li> </ul>
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	of 31 December 2011, around 122 Filipinos had received their post-graduate degrees from WMU.					
<b>INTERNATIONAL CIVIL AVIATION ORGANIZATION (ICAO)</b>	<ul style="list-style-type: none"> <li>• Improvement of Air Traffic Control Operations</li> <li>• Development/expansion of airport/air navigation facilities</li> <li>• Award of fellowships to train aviation experts</li> <li>• Provision for the adoption of International Standards and Recommended Practices (SARP's) regulating International Air Transport</li> </ul>	<ul style="list-style-type: none"> <li>• ICAO helps developing countries to establish their own Civil Aviation System.</li> <li>• Fair opportunity to operate international airlines</li> <li>• Promotion of safety of flight in international air navigation</li> <li>• Encouragement of the art of aircraft design and operation for peaceful purposes</li> <li>• Voting power</li> </ul>	•	<ul style="list-style-type: none"> <li>• ICAO helps developing countries to establish their own Civil Aviation System.</li> <li>• Fair opportunity to operate international airlines</li> <li>• Promotion of safety of flight in international air navigation</li> <li>• Encouragement of the art of aircraft design and operation for peaceful purposes</li> <li>• Voting power</li> </ul>		<ul style="list-style-type: none"> <li>• Generates goodwill</li> <li>• Enhances PH's stature in ICAO</li> </ul>

<p><b>UNIVERSAL POSTAL UNION (UPU)</b></p>	<ul style="list-style-type: none"> <li>• Trainings, workshops, seminars or similar conventions on postal system management and development</li> <li>• Memorandum of Agreement between UPU and International Aviation and Transport Authority which enabled Philippine Post to avail of special rate and priority handling of mail item in air conveyance</li> <li>• Technical assistance through the Quality of Service (QoS) program of UPU</li> <li>• Technical assistance in postal operations, financial systems</li> </ul>	<ul style="list-style-type: none"> <li>• Assisted in the formulation of Integrated Postal Development Plan for the Philippines</li> <li>• Participation in UPU meetings</li> <li>• Assisted in the application of Global Monitoring System in the measurement of Letter-post Service performance</li> <li>• Exchanges of delivery information enabling the Philippine Post to undertake internal tracking of selected recorded / barcoded items</li> <li>• Quick and safe forwarding of postal items by UPU member countries without the necessity of entering into a bilateral and/or multilateral agreement with concerned country / countries</li> </ul>	<ul style="list-style-type: none"> <li>• Funding for implementation of projects that help improve Letter-post service such as (1) installation of close circuit television system at Central Mail Exchange Center; (2) procurement of hardware infrastructure for the expansion of utilization of International Postal System to Letter/Parcel-post services</li> </ul>	<ul style="list-style-type: none"> <li>• Assisted in the formulation of Integrated Postal Development Plan for the Philippines</li> <li>• Participation in UPU meetings</li> <li>• Assisted in the application of Global Monitoring System in the measurement of Letter-post Service performance</li> <li>• Exchanges of delivery information enabling the Philippine Post to undertake internal tracking of selected recorded / barcoded items</li> <li>• Quick and safe forwarding of postal items by UPU member countries without the necessity of</li> </ul>		<ul style="list-style-type: none"> <li>• Generated goodwill</li> <li>• Increased cooperation with UPU members in improving international postal services</li> </ul>
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	and tracking systems.			entering into a bilateral and/or multilateral agreement with concerned country / countries		
<b>UN INDUSTRIAL DEVELOPMENT ORGANIZATION</b>	<ul style="list-style-type: none"> <li>As a global forum, UNIDO generates and disseminates industry-related knowledge. As a technical cooperation agency, it provides technical support and implements projects.</li> </ul>	<ul style="list-style-type: none"> <li>Assisted in the promotion and acceleration of sustainable industrial development in developing countries and economies in transition.</li> <li>It works towards improving living conditions in the world's poorest countries by drawing on its expertise and combined global resources.</li> </ul>		<ul style="list-style-type: none"> <li>Assisted in the promotion and acceleration of sustainable industrial development in developing countries and economies in transition.</li> <li>It works towards improving living conditions in the world's poorest countries by drawing on its expertise and combined global resources.</li> </ul>		<ul style="list-style-type: none"> <li>PH's good standing adds a voice to the DFA when it participates in UNIDO conferences and meetings in Geneva</li> <li>PH is able to lobby for support from UNIDO and other member states</li> </ul>
<b>INTERNATIONAL BANK FOR RECONSTRUCTION</b>	<ul style="list-style-type: none"> <li>The World Bank/IBRD loan portfolio for the PH currently consists of</li> </ul>	<ul style="list-style-type: none"> <li>Voting power of 0.44% by participating in the Voice-related Special Capital Increase at a</li> </ul>	The World Bank/IBRD loan portfolio for the PH currently consists of	<ul style="list-style-type: none"> <li>Voting power of 0.44% by participating in the Voice-related</li> </ul>		<ul style="list-style-type: none"> <li>Foster goodwill and good standing the IBRD</li> </ul>

<p><b>AND DEVELOPMENT (IBRD)</b></p>	<p>18 ongoing projects with loan commitments amounting to USD1.568 billion. Recently signed loans include (1) Additional Financing for LISCOP signed on 12 May 2011 with a loan amount of USD10 million; (2) First Development Policy Loan to Foster More Inclusive Growth signed on 15 June 2011 with a loan amount of USD250 million; (3) Disaster Risk Management DPL with a Catastrophic Deferred Drawdown Option signed on 23 September 2011 with a loan amount of USD500 million; and (4) Regional Infrastructure for</p>	<p>cost of USD117 million with a paid-in capital of USD7million</p>	<p>18 ongoing projects with loan commitments amounting to USD1.568 billion. Recently signed loans include (1) Additional Financing for LISCOP signed on 12 May 2011 with a loan amount of USD10 million; (2) First Development Policy Loan to Foster More Inclusive Growth signed on 15 June 2011 with a loan amount of USD250 million; (3) Disaster Risk Management DPL with a Catastrophic Deferred Drawdown Option signed on 23 September 2011 with a loan amount of USD500 million; and (4) Regional</p>	<p>Special Capital Increase at a cost of USD117 million with a paid-in capital of USD7million</p>		
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	Growth Project signed on 2 February 2011 with a loan amount of USD50 million. For 2011, IBRD's total grants to PH amounted to USD4,135,000.00 (7 projects).		Infrastructure for Growth Project signed on 2 February 2011 with a loan amount of USD50 million. For 2011, IBRD's total grants to PH amounted to USD4,135,000.00 (7 projects).			
<b>INTERNATIONAL FINANCE CORPORATION (IFC)</b>	<ul style="list-style-type: none"> <li>PH ranked second among IFC's exposures in the East Asia and Pacific Region, with about USD898 million in 32 projects.</li> </ul>	<ul style="list-style-type: none"> <li>Voting power of 0.53% by participating at a cost of USD1.05 million in the additional capital subscription totalling USD200 million offered by IFC</li> <li>Through its SME Banking Initiative, IFC is also forging strategic partnerships with local banks to allow small and medium enterprises greater access to credit.</li> <li>It is also helping local banks explore energy efficiency financing as</li> </ul>	<ul style="list-style-type: none"> <li>PH ranked second among IFC's exposures in the East Asia and Pacific Region, with about USD898 million in 32 projects.</li> </ul>	<ul style="list-style-type: none"> <li>Voting power of 0.53% by participating at a cost of USD1.05 million in the additional capital subscription totalling USD200 million offered by IFC</li> <li>Voting power of 0.53% by participating at a cost of USD1.05 million in the additional capital subscription totalling USD200</li> </ul>		

		<p>part of its response to climate change.</p> <ul style="list-style-type: none"> <li>• IFC supports a key plank of the government's energy reform agenda under the Electric Power Industry Reform Act.</li> </ul>		<p>million offered by IFC</p> <ul style="list-style-type: none"> <li>• Through its SME Banking Initiative, IFC is also forging strategic partnerships with local banks to allow small and medium enterprises greater access to credit.</li> <li>• It is also helping local banks explore energy efficiency financing as part of its response to climate change.</li> <li>• IFC supports a key plank of the government's energy reform agenda under the Electric Power Industry Reform Act.</li> </ul>	
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<p><b>ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD) GLOBAL FORUM ON TAX TRANSPARENCY</b></p>		<ul style="list-style-type: none"> <li>• Monitored progress undertaken by the different jurisdictions in implementing the international standards of transparency and exchange of information for tax purpose.</li> <li>• Facilitated a review process on their implementation of tax standard. These reviews will be carried out in two phases: assessment on the legislative and regulatory framework (Phase 1) scheduled on the second half of 2010 and assessment of the effective implementation in practice (Phase 2) scheduled on the first half of 2013.</li> </ul>		<ul style="list-style-type: none"> <li>• Monitored progress undertaken by the different jurisdictions in implementing the international standards of transparency and exchange of information for tax purpose.</li> <li>• Facilitated a review process on their implementation of tax standard. These reviews will be carried out in two phases: assessment on the legislative and regulatory framework (Phase 1) scheduled on the second half of 2010 and assessment of the effective</li> </ul>		
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				implementation in practice (Phase 2) scheduled on the first half of 2013.		
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## ANNEX E: PRELIMINARY ANALYSIS OF DFA BUDGET DATA VS. INDICATORS OF THREE POLICY PILLARS

### DESCRIPTION OF DATA

The data used for this study are data from 2000-2010. All data are indexed on the year 2000 for uniformity. The statistics that were used as variables for this study are as follows.

**Total Population**- the total number of people in the Philippines. (Source: World Bank, World Development Indicator).

**OFWs**- the total number of OFWs (in thousands) all over the world (Source: Banko Sentral ng Pilipinas)

**Exports**- total goods and services exported (Source: National Statistics Office)

**Imports**- total goods and services imported (Source: National Statistics Office)

**Total Trade**- sum of imports and exports. (source: National Statistics Office)

**Foreign Direct Investment**- defined as an international investment by a resident entity in one economy in an enterprise resident in another economy made with the objective of obtaining a lasting interest (WB, WDI)

**Tourist**- number of tourist arrivals in the country (Source: National Statistics Coordinating Board)

**International Commitment Fund**- (source: DFA)

**Total Remittances**- total remittances of OFW measured in thousand of USD (Source: BSP)

**Budget of DFA**- yearly budget allotted to DFA by the national government.

**Political Stability and Absence of Violence/Terrorism**- Reflects perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically-motivated violence and terrorism. (source: World Bank, Worldwide Governance Indicators).

**Regulatory Quality**- Reflects perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development. (Source: World Bank, Worldwide Governance Indicators).

**Delta Budget**- the change in the amount of budget allotted to DFA.  $(Y_t - Y_{t-1})/Y_t$

**Ratio**- the ratio of DFAs budget compared to the national budget. Source: DBM

**Time (@trend)**- This is added to take into account the changes in the budget over time.

**Inflation**- takes into account the changes in prices. (Source: BSP)

## SUMMARY OF FINDINGS

Three scenarios for the use of DFA budget as a dependent variable were considered in the study. First is the DFA budget per se, second is the percentage change in DFA budget, and last is the ratio of DFA budget as compared to the national budget.

There were different models used in this 'scenario'. The first is regressing DFA budget as a function of all the variables that we considered. The next is regressing DFA budget as a function of variables per sector (e.g. trade variables; total trade, import, export). The last is gauging the effect of DFA budget to the variables that we considered by regressing each variable as a function of the DFA budget.

### DFA Budget

- In the pairwise correlation, total OFWs, total remittances and tourist arrivals exhibit a high positive correlation with the DFA budget. The trade variables showed moderate positive correlation. Political stability has moderately positive low correlation while regulatory quality has moderate negative correlation. Net FDI has very low correlation at 2%
- The first model showed a high r-squared (.999537) and adjusted r-squared (0.995373) which means that a high percentage of the variations in the DFA budget could be explained collectively by the variables. However, it could be observed that their individual significance is low. Hence, this model could not be used to test the marginal effect each variable. However, it could be used for forecasting purposes; .in forecasting, the change in each variable must be equal which means that the agency could forecast the budget using the results of the regression provided that the changes that they will attach on the independent variables are the same.
- The next model regresses DFA budget as a function of variables per sector, where the sectors are trade (total trade, import, export), OFWs(Number of OFWs and total remittances), tourist arrivals, ICF, FDI, and political variables (political stability and regulatory quality).
  - The sectors that showed high r-squared and adjusted r-squared are trade,OFWs, tourist arrivals, and political variables. Despite the high r-squared results, these sectors showed a low individual significance except for tourist arrivals.
  - Other sectors showed low individual significance and low r-squared



- The last model is a reverse regression wherein the budget is now the independent variable. This is done to see the effect of a budget to different economic and political variables. Two scenarios were done in this model. The first is all variables are regressed solely to budget. The second is, time was added in the independent variable.
  - Total number of OFWs, total remittances, and tourist arrivals, exhibited high r-squared and high individual significance. This could mean that DFA budget has great impacts in these sectors.
  - However, when time was added, budget became individually insignificant but time is highly significant.

### **Changes in DFA budget**

- In the pair wise correlation all variables showed a low correlation with changes in DFA budget
- In the first model it showed a high r-squared (.96) and acceptable adjusted r-squared (0.64) which means that a high percentage of the variations changes in DFA budget could be explained collectively by the variables. But it could be observed that their individual significance is low. This could only be used for forecasting purposes.
- In the second model, the changes in DFA budget, base on the individual significance and r-squared, showed weak response to all variables.
- The third model was all variables were regressed as a function of changes in DFA budget, time, and inflation.
  - For ICF: Time has a high individual significance but the ratio of DFAs budget and inflation is individually insignificant. R-squared and Adjusted R-squared showed moderately acceptable results at 60% and 43% respectively. Which means 60% of the variation in the ICF could be explained by changes in inflation, ratio and time.
  - For total remittances: Time has a high individual significance but the ratio of DFAs budget and inflation is individually insignificant. R-squared and Adjusted R-squared showed high results at 97% and 95% respectively. Which means 97% of the variation in the total remittances could be explained by changes in ratio, inflation, and time.
  - For OFWs: Time has a high individual significance but the ratio of DFAs budget and inflation is individually insignificant. R-squared and Adjusted R-squared showed high results at 92% and 89% respectively. Which reflects that 93% of the variation in the number of OFWs could be explained by changes in ratio, inflation and time.
  - For total trade: Time has a high individual significance but the ratio of DFAs budget and inflation is individually insignificant. R-squared and

Adjusted R-squared showed moderately acceptable results at 72% and 59% respectively. Which means 72% of the variation in the total trade could be explained by changes in inflation, ratio and time.

- For tourist arrivals: by changes in ratio, inflation, and time. Time has a high individual significance but the ratio of DFAs budget and inflation is individually insignificant. R-squared and Adjusted R-squared showed high results at 91% and 87% respectively. This reflects that 91% of the variation in total tourist arrival could be explained by changes in ratio, inflation and time.
- The political variables exhibited low r-squared and low individual significance which signals a weak relationship between this variables and time, inflation, and ratio

### **DFA budget as a ratio of National budget**

- In the pair wise correlation the variable that has the high correlation with DFA budget was the correlation between OFWs, total tourist arrival, and total remittances at 0.672, 0.576, and 0.67 respectively
- The result of regressing the ratio as a function of the economic and political variables showed low individual significance and low adjusted r-squared which implies that it is not recommendable to use it either for gauging the marginal effect or even for forecasting purposes.
- In the second model, almost all variables showed low individual significance and r-squared aside from tourist arrivals which exhibited acceptable individual significance but low R-squared. Only 33% of the variations in the ratio between DFA's budget and the national budget could be explained by the changes in the number of tourist arrivals in the country.
- The third model showed varied results. Which are as follows:
  - Total number of OFWs as a function of ratio and time. Time has a high individual significance but the ratio of DFAs budget is insignificant. R-squared and Adjusted R-squared showed high results which means that a high portion (92%) of the variation in the number of OFWs could be explained by changes in ratio and time. The model could be used for forecasting.
  - Regulatory quality as a function of time and ratio. ratio of DFAs budget has low individual significance but time is significant at 10% level of significance. But the R-squared of the model is quite low. Only 45% of the variation in regulatory power could be explained by the independent variables.

- For tourist arrivals: Time has a high individual significance but the ratio of DFAs budget is individually insignificant. R-squared and Adjusted R-squared showed high results which means that a high portion (91%) of the variation in the number of tourist arrivals could be explained by changes in ratio and time. The model could be used for forecasting.
- For total remittances: Time has a high individual significance but the ratio of DFAs budget is individually insignificant. R-squared and Adjusted R-squared showed high results which means that a high portion (96%) of the variation in total remittances could be explained by changes in ratio and time. The model could be used for forecasting
- For total trade: Time has a high individual significance but the ratio of DFAs budget is individually insignificant. R-squared and Adjusted R-squared showed moderate results which means that an acceptable portion (75%) of the variation in trade could be explained by changes in ratio and time. The model could be used for forecasting
- Other variables exhibited low r-squared and individual significance.

## **RECOMMENDATIONS**

### **More regression models**

- 1.) Adding more variables to make the model more realistic.
- 2.) Variables to be added includes economic diplomacy variables.

### **Explore other regression method**

The regression method that was used in this study was Ordinary Least Squares. There are other advanced regression methods that could be used for this study. Using a different regression method could change the results and findings which could open a new perspective on how to look at the DFA budget. On how it is affected by different variables and how it affects different sectors.

### **For determining the value added of DFA consulates**

- 1.) For the analysis of regional data, and determining the value added of DFA consulates, determine the budget per region or if possible per country and the number of consulates and FSPs in that region/country. Also if possible, determine which FSPs have attaches and the list of honorary consulates. Group the attachés depending on what government agency they came from (e.g. attaché from DTI, for tourism, etc.)
- 2.) Create a dummy variable that would differentiate a consulate from an attaché (e.g. let  $X=1$  if the post has an attaché and  $= 0$ , otherwise). This way, it could be

possible to measure the difference between the value added of a consulate to the value added of the attaché.