

Lungsod ng Quezon

MC # 42, s. 1974

MEMORANDUM CIRCULAR

TO : HEADS OF DEPARTMENT AND STAFFS  
REGIONAL AND PROVINCIAL IRRIGATION  
ENGINEERS AND ALL OTHERS CONCERNED  
National Irrigation Administration

SUBJECT : Procedure in the release of pump sets for the  
BISA PROGRAM, including guidelines for the  
implementation of construction

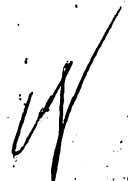
In line with the design concept of the BISA PROGRAM, launched jointly by the National Irrigation Administration, the National Electrification Administration, the Development Academy of the Philippines and the Provincial Development Assistance Project, in cooperation with the Provincial and Municipal Governments, there is hereby established a procedure in the implementation of construction of pump projects under the BISA PROGRAM for compliance by all concerned.

I. CONTRACT AGREEMENT

On the basis of the feasibility of the proposed pump project, the National Irrigation Administration (NIA) through its Regional Irrigation Engineer, shall enter into a contract with the Irrigators Service Association (ISA) for the construction and repayment of the project including the supply of pumping equipment and all necessary accessories; to wit:

- A) FOR DIESEL ENGINE DRIVEN PUMP SETS: The NIA shall supply the Irrigators Service Association (ISA) with the pump, diesel engine and all pipes accessories and construction materials and defray the cost of skilled labor and/or rental of construction equipment. The ISA shall provide unskilled labor at their own expense and shall pay NIA the cost of the pumps, pipes and accessories and construction materials and payments made for skilled labor and/or rental of equipment in ten (10) annual and equal amortization payments at an interest rate of 6% per annum on the unpaid balance. The diesel engine supplied to the ISA shall be on rental basis where annual rents shall be estimated as one-seventh (1/7) of the cost of the diesel engine assembly. (See Contract Agreement Form A.)
- B) FOR ELECTRICAL MOTOR DRIVEN PUMP SETS: The NIA shall supply the ISA the complete pumping set and all pipes, accessories and construction materials and defray the cost of the skilled labor and/or rental of the construction equipment. The ISA shall provide unskilled labor at their own expense and shall pay NIA all the cost of the pump, motor, pipes and accessories and construction materials and payments made for skilled labor and/or rental of construction equipment in ten (10) annual and equal amortization payments at an interest rate of 6% per annum in the unpaid balance.

However, upon the approval of the loan of the ISA from the Rural Electric Cooperative by the National Electrification Administration and the amount corresponding



to the cost of the pump, motor, pipes and accessories will have been remitted by the NEA to NIA, the contract agreement shall be duly amended in regards to the payments. (See Contract Agreement Form B.)

In accordance with prior circular, contract entered into by the Regional Irrigation Engineer in excess of P50,000.00 should be submitted to the Administrator for final approval,

## II. RELEASE OF PUMP SETS AND CONSTRUCTION FUNDS

Pump sets shall be released to the ISA only upon the final signing of the Contract Agreement between the NIA and the ISA. Construction funds required for the project shall be released by the NIA Central Office, through a Sub-Allotment Advice (SAA) to be issued to the Provincial Irrigation Engineer, upon receipt of the detailed estimate of the materials to be procured and necessary skilled labor and/or equipment rental submitted by the Provincial Irrigation Engineer. These estimates should be submitted as early as possible so that funds can be made available before the signing of the Contract Agreement. Release of pump sets and disbursements of the funds by the Provincial Irrigation Engineer shall be under the usual auditing regulations.

## III. CONSTRUCTION BY "PACQUIAO"

In the construction of the project, preference shall be given to labor by the ASSOCIATION provided that the same shall be undertaken under the "pacquiao" Contract and the amount thereof does not exceed the estimated cost of skilled labor needed for the project.

## IV. AMOUNT TO BE REPAYED


The amount to be repaid by the ISA shall include the cost of the pump, electric motor, pipes and accessories (including fabrications) cost of construction materials and skilled labor, and all incidental expenses issued for transporting and hauling the equipment and construction materials to the project site. Expenses incurred for investigation, survey, designs and supervision of construction and installation and the cost of the diesel assembly (on rental) shall not be included in the amount to be repaid. The limit of expenditure of the NIA and the repayment of the ISA is to be stipulated in the contract, and any revision thereof should be only by mutual agreement of the parties thereto.

## V. FINAL STATEMENT OF PROJECT ACCOUNTS

The Provincial Irrigation Engineer, after completion and turn-over of the project to the ISA shall, within fifteen (15) days submit the final statement of the Project Accounts to the Regional Irrigation Engineer duly attested by the ISA for any amendment in Project Accounts. The Regional Irrigation Engineer shall, within five (5) days, forward to the NIA Central Office, Accounting Division, through the Engineering Department the final statement of Project Accounts.

## VI. BILLING THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) AND AMENDMENT OF CONTRACT AGREEMENT WITH ISA

The Accounting Division, upon the receipt of the final statement of the Project Accounts shall, within five (5) days, bill the



National Electrification Administration (NEA) of the project cost chargeable against the approved loan of the ISA in cases of electrically driven pumps. Upon receipt of the remittance from NEA, the Accounting Division, through the Engineering Department, shall immediately advise the National Project Team and the Regional Irrigation Engineer of the payments made who in turn will advise the ISA of the adjustment in the project cost and the amortization payments.

This Memorandum Circular shall take effect immediately.

  
ALFREDO L. JUINIO  
Administrator

JULY 31, 1974  
VTR/tcg  
7-24-74

AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_  
197\_\_ at Quezon City, Philippines, by and between;

The NATIONAL IRRIGATION ADMINISTRATION, a government owned and controlled corporation, created by R. A. 3601, represented by its Administrator, who is in turn represented by \_\_\_\_\_, with office at \_\_\_\_\_  
\_\_\_\_\_ hereinafter referred to as the NIA;

and

The \_\_\_\_\_ IRRIGATORS' SERVICE ASSOCIATION, a body corporate duly organized and existing under and by virtue of the laws of the Philippines with offices at \_\_\_\_\_ and duly represented herein by its President, \_\_\_\_\_ hereafter called the ASSOCIATION;

W I T N E S S E T H

WHEREAS, the ASSOCIATION desires to construct a pump irrigation project located at Barrio(s) \_\_\_\_\_, Municipality of \_\_\_\_\_, Province of \_\_\_\_\_, and has likewise applied with NIA for the lease of diesel engine(s) to be installed in said project;

WHEREAS, the NIA, in accordance with the government irrigation development program, is willing to undertake the construction of the above-mentioned pump irrigation project and lease \_\_\_\_\_ diesel engine(s) for the project of the ASSOCIATION under the terms and conditions hereinafter set forth;

WHEREFORE, for and in consideration of the foregoing premises, the parties have agreed, as they do hereby agree, to the following:

1. The NIA shall expend towards the construction cost of the above-mentioned pump irrigation project in the sum not exceeding \_\_\_\_\_ with an estimated breakdown as follows:

a) Pumping Equipment and Accessories (Costs at Site)

Description	Qty.	Unit Cost	Total Cost
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b) Construction Materials (Costs at Site)

Description	Qty.	Unit Cost	Total Cost
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c) Skilled Labor

TOTAL COST

PROVIDED, that the limit of expenditures thereto shall be the total cost indicated and not the cost of the individual items, and PROVIDED FURTHER, that the limit of expenditures stipulated herein may be revised upon mutual agreement between the parties hereto, in which case, there will be a corresponding revision of the terms of payment stipulated herein.

2. The ASSOCIATION shall furnish the unskilled labor necessary for the construction of the project as well as all necessary right-of-way for the pump site, canals and access during the period of construction.

3. In addition to that provided for in the foregoing paragraph the NIA shall likewise provide and install at the project site \_\_\_\_\_ ( ) diesel engine(s) and lease the same to the ASSOCIATION; the description, quantity and unit and total costs of the said diesel engines are hereinbelow stated:

<u>Description</u>	<u>Qty.</u>	<u>Unit Cost</u>	<u>Total Cost</u>
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4. The ASSOCIATION binds itself to pay the NIA the following:

- a) an annual and equal amortization in the amount of \_\_\_\_\_ (P \_\_\_\_\_) pesos, Philippine currency within a period of \_\_\_\_\_ ( ) years, based on an interest rate of six (6%) per annum on the remaining balance as payment for cost of construction, and installation of the system including the cost of the pump and its accessories mentioned in paragraph (1) hereof.
- b) an annual rental in the sum of \_\_\_\_\_ (P \_\_\_\_\_) pesos, Philippine currency for the lease of the diesel engine(s) mentioned in paragraph (2) hereof.

The first amortization and the rental shall be due and payable one year after the the date of the turnover of the project by the NIA to the ASSOCIATION and subsequent yearly payments shall become due and payable on the same date of each year thereafter, it being understood that any payment not made on the said due dates shall bear a surcharge of one half ( $\frac{1}{2}$ ) of one (1%) per cent month on the unpaid

balance.

5. Failure of the ASSOCIATION to pay any of the yearly amortization and rentals on their due date, provided in paragraph 3 hereof, shall ipso facto make the unpaid balance due and demandable and by reason thereof, the NIA may either demand the payment of the total unpaid balance of the project cost or cancel this AGREEMENT for failure of the ASSOCIATION to comply with the provisions thereof, and the NIA may take possession of the pump unit and direct the operation of the system. If such an eventuality arises, the NIA shall collect from the users the equivalent annual payments as irrigation fees plus whatever necessary management charges and shall continue to manage and operate the system until such time as the ASSOCIATION has complied with its obligations to NIA and/or the project has been fully paid. The NIA shall retain the ownership of the pump and its accessories and shall have the right to inspect the irrigation system subject of this contract, from time to time, until the full cost thereof shall have been fully paid, and if it shall be found that said irrigation pump system is not being operated, administered or utilized by the ASSOCIATION in accordance with this AGREEMENT, the former may take the necessary steps to remedy the situation after notice to the latter;
6. The NIA may cancel, annul, or revoke this contract without court action for any of the following causes:
- (a) if the NIA's recommendation for the project administration, operation or utilization of the irrigation system is not complied with by the ASSOCIATION within two (2) months from receipt of such recommendation;
  - (b) if the ASSOCIATION shall fail to pay any payment except when such failure to pay is due to force majeure or causes

beyond the control of the said Association such as floods, earthquakes, or other similar calamities which affect the operation of said pump or engine and/or destroys the crops raised thereon to the extent that the harvest is not even sufficient to cover the cost of production for the particular period/season. The cancellation or revocation of this AGREEMENT may be affected by due notice to the ASSOCIATION thereof, and service of such notice shall vest in revert to the NIA the right to repossess the irrigation pump unit, subject to this AGREEMENT, and thereafter entitles the NIA to pull out the pump, and engine set, or operate the system as embodied in paragraph 4 of this AGREEMENT.

7. In the event that the contract is cancelled, annulled or revoked by the NIA in accordance with the stipulation contained in the paragraph immediately preceding, and the pump and engine set are pulled out the ASSOCIATION shall still remain liable and obligated to pay to the former any amount due and in arrears at the time of pull out or take over,
8. The irrigation pump unit shall be operated and maintained by the ASSOCIATION who shall bear all cost of oil, fuel, and other materials necessary for its operation and maintenance, including the salary and/or wage of the mechanic to be appointed by said ASSOCIATION.
9. Until the full payment of the project and purchase price of the irrigation pump unit has been made, and the transfer or conveyance of the title thereto executed, the ASSOCIATION shall not sell, transfer, assign, or encumber the irrigation pump and engine set or the system subject of this contract, without the approval or consent of the NIA, and transfer or conveyance

of the same without said previous consent or approval shall be considered as null and void, and that all obligations and liabilities of the ASSOCIATION shall remain in force for the value or cost thereof to the NIA.

10. In case of loss or destruction of the pump and engine set before the full payment of the purchase price thereof, the ASSOCIATION shall remain obligated and bound to pay the total unpaid balance of said price including the project cost to the NIA.
11. All the statements or representations made by the ASSOCIATION in the corresponding application for the construction or installation of the pump project shall be considered parts of this contract; the pump and engine set, subject of this AGREEMENT, shall be used for irrigation purposes only.
12. The parties further agree that any judicial action arising from this contract shall be instituted in Quezon City, Philippines, or in any place at the option of the NIA, and that the expenses and cost of the suit shall be borne by the ASSOCIATION.

IN WITNESS WHEREOF, the parties have hereunto signed this deed at the place and on the date first above stated.

_____	IRRIGATORS'	NATIONAL IRRIGATION ADMINISTRATION
SERVICE ASSOCIATION		

by: _____	_____
President	Regional Irrigation Engineer

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)  
QUEZON CITY ) S.S.

Before me, a Notary Public in and for \_\_\_\_\_  
personally appeared \_\_\_\_\_, in his capacity as  
Regional Irrigation Engineer of the National Irrigation Administration  
with Residence Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_  
\_\_\_\_\_ on \_\_\_\_\_, and Mr. \_\_\_\_\_  
\_\_\_\_\_ in his capacity as President of the \_\_\_\_\_  
\_\_\_\_\_ Irrigators' Service Association, with Residence  
Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_  
\_\_\_\_\_ on \_\_\_\_\_, both of whom are known to  
me to be the same persons who executed the foregoing instrument and they  
acknowledged to me that the same is their free and voluntary act and deed  
and they further acknowledged to me that this instrument is the free and  
voluntary act and deed of the respective entities which they represent.  
Witness my hand and seal this \_\_\_\_\_ day of July, 1974 at Quezon  
Philippines.

Notary Public  
Until December 31, 1974

Doc. No.: \_\_\_\_\_  
Page No.: \_\_\_\_\_  
Book No.: \_\_\_\_\_  
Series of 1974

Qty.

Unit

AGREEMENT

KNOW ALL MEN BY THESE PRESENTS;

This AGREEMENT, made and entered into this \_\_\_\_ day of \_\_\_\_\_  
197\_ at Quezon City, Philippines, by and between:

The NATIONAL IRRIGATION ADMINISTRATION, a government owned and controlled corporation, created by R. A. 3601, represented by its Administrator, who is in turn represented by \_\_\_\_\_, with office at \_\_\_\_\_  
\_\_\_\_\_ hereinafter referred to as the NIA;

and

The \_\_\_\_\_ IRRIGATORS' SERVICE ASSOCIATION, a body corporate duly organized and existing under and by virtue of the laws of the Philippines with offices at \_\_\_\_\_  
and duly represented herein by its President, \_\_\_\_\_,  
hereafter called the ASSOCIATION;

W I T N E S S E T H

WHEREAS, the ASSOCIATION desires to construct a pump irrigation project to be located at Barrio(s) \_\_\_\_\_, Municipality of \_\_\_\_\_, Province of \_\_\_\_\_;

WHEREAS, the NIA, in accordance with the government irrigation development program, is willing to undertake the construction of the above-mentioned pump irrigation project, in cooperation with the ASSOCIATION, under the terms and conditions hereinafter set forth;

WHEREFORE, for and in consideration of the foregoing premises, the parties have agreed, as they do hereby agree, to the following;

1. The NIA shall expend towards the construction cost of the above-mentioned pump irrigation project in the sum not exceeding \_\_\_\_\_ with an estimated breakdown as follows:

a) Pumping Equipment and Accessories (Costs at Site)

Description	Qty.	Unit Cost	Total Cost
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b) Construction Materials (Costs at Site)

Description	Qty,	Unit Cost	Total Cost
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c) Skilled Labor

TOTAL COST

PROVIDED, that the limit of expenditures thereto shall be the total cost indicated and not the cost of the individual items, and PROVIDED FURTHER, that the limit of expenditures stipulated herein may be revised upon mutual agreement between the parties hereto, in which case, there will be a corresponding revision of the terms of payment stipulated herein.

2. The ASSOCIATION shall furnish all the unskilled labor necessary for the construction of the project as well as all necessary right of way for the pump site, canals and access during the period of construction.
3. The ASSOCIATION binds itself to pay the NIA the following:
  - a. an annual and equal amortization in the amount of \_\_\_\_\_ (P \_\_\_\_\_) pesos, Philippine currency within a period of \_\_\_\_\_

lance as payment for the cost of construction and installation of the system including the cost of the pump and its accessories mentioned in paragraph (1) hereof.

The first amortization shall be due and payable one year after the date of the turnover of the project by the NIA to the ASSOCIATION and subsequent yearly payments shall become due and payable on the same date of each year thereafter, it is being understood that any payment not made on the said due date shall bear a surcharge of one half ( $\frac{1}{2}$ ) of one (1%) per cent per month on the unpaid balance.

4. Failure of the ASSOCIATION to pay any of the yearly amortization on their due date, provided in paragraph 3 hereof, shall ipso facto make the unpaid balance due and demandable and by reason thereof, the NIA may either demand the payment of the total unpaid balance of the project cost or cancel this AGREEMENT for failure of the ASSOCIATION to comply with the provisions thereof, and the NIA may take possession of the pump unit and direct the operation of the system. If such an eventuality arises, the NIA shall collect from the users the equivalent annual payments as irrigation fees plus whatever necessary management charges and shall continue to manage and operate the system until such time as the ASSOCIATION has complied with its obligations to NIA and/or the project has been fully paid.
5. The NIA shall retain the ownership of the pump and its accessories and shall have the right to inspect the irrigation system, subject of this contract, from time to time, until the full cost thereof shall have been fully paid, and if it shall be found that said irrigation pump system is not being operated, administered or utilized by the ASSOCIATION in accordance with this AGREEMENT, the former

may take the necessary steps to remedy the situation after notice to the latter.

6. The NIA may cancel, annul, or revoke this contract without court action for any of the following causes:

- a) if the NIA's recommendation for the proper administration, operation, or utilization of the irrigation system is not complied with by the ASSOCIATION within two (2) months from receipt of such recommendation,
- b) if the ASSOCIATION shall fail to pay any payment except when such failure to pay is due to force majeure or causes beyond the control of the said ASSOCIATION such as floods, earthquakes, or other similar calamities which affect the operation of said pump or engine and/or destroys the crops raised thereon to the extent that the harvest is not even sufficient to cover the cost of production for the particular period/season. The cancellation or revocation of this AGREEMENT may be affected by due notice to the ASSOCIATION thereof, and service of such notice shall vest in and revert to the NIA the right to repossess the irrigation pump unit, subject to this AGREEMENT, and thereafter entitles the NIA to pull out the pump, and engine set, or operate the system as embodied in paragraph 4 of this AGREEMENT.

7. In the event that the contract is cancelled, annulled or revoked by the NIA in accordance with the stipulation contained in the paragraph immediately preceding, and the pump and engine set are pulled out, the ASSOCIATION shall still remain liable and obligated to pay to the former any amount due and in arrears at the time of pull out or take over.

8. The irrigation pump unit shall be operated and maintained by the ASSOCIATION who shall bear all cost of oil, fuel, and other materials necessary for its operation and maintenance, including the salary and/or wage of the mechanic to be appointed by said ASSOCIA-

TION.

9. Until the full payment of the project and purchase of the irrigation pump unit has been made, and the transfer or conveyance of the title thereto executed, the ASSOCIATION shall not sell, transfer, assign, or encumber the irrigation pump and engine set or the system subject of this contract, without the approval or consent of the NIA, and transfer or conveyance of the same without said previous consent or approval shall be considered as null and void, and that all obligations and liabilities of the ASSOCIATION shall remain in force for the value or cost thereof to the NIA.
10. In case of loss or destruction of the pump, and engine set before the full payment of the purchase price thereof, the ASSOCIATION shall remain obligated and bound to pay the total unpaid balance of said price including the project cost of the NIA.
11. All the statements or representations made by the ASSOCIATION in the corresponding application for the construction or installation of the pump project shall be considered parts of this contract; the pump and engine set, subject of this AGREEMENT, shall be used for irrigation purposes only.
12. The parties further agree that any judicial action arising from this contract shall be instituted in Quezon City, Philippines, or in any place at the option of the NIA, and that the expenses and cost of the suit shall be borne by the ASSOCIATION, and finally, after the loan application of the ASSOCIATION with the \_\_\_\_\_  
\_\_\_\_\_ ELECTRIC COOPERATIVE, INC. shall have been approved, this contract shall be duly amended in regard to terms of payment and other related provisions.

NATIONAL IRRIGATION ADMINISTRATION

IN WITNESS HEREOF, the parties have hereunto signed this deed at the place and on the date first above stated.

SERVICE ASSOCIATION IRRIGATORS'

NATIONAL IRRIGATION  
ADMINISTRATION

by: President

Regional Irrigation Engineer

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_

IN WITNESS WHEREOF, the Notary Public has hereunto set his hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 1974.

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)  
QUEZON CITY ) S.S.

Before me, a Notary Public in and for \_\_\_\_\_  
personally appeared \_\_\_\_\_, in his capacity as  
Regional Irrigation Engineer of the National Irrigation Administration  
with Residence Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_  
\_\_\_\_\_ on \_\_\_\_\_, and Mr. \_\_\_\_\_  
\_\_\_\_\_ in his capacity as President of the \_\_\_\_\_  
\_\_\_\_\_ Irrigators' Service Association, with Residence  
Certificate No. \_\_\_\_\_ issued at \_\_\_\_\_  
\_\_\_\_\_ on \_\_\_\_\_, both of whom are known to  
me to be the same persons who executed the foregoing instrument and they  
acknowledged to me that the same is their free and voluntary act and deed,  
and they further acknowledged to me that this instrument is the free and  
voluntary act and deed of the respective entities which they represent.

Witness my hand and seal this \_\_\_\_\_ day of July, 1974 at Quezon City,  
Philippines.

Notary Public  
Until December 31, 1974

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