

Republika ng Pilipinas
PAMBANSANG PANGASTIWAN NG PATUE
(National Irrigation Administration)
Gusaling APC, Quezon Memorial Circle
Diliman, Lungsod ng Quezon

MC # 10, s. 1975

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS; CHIEFS OF DEPART-
MENTS AND STAFFS; PROJECT MANAGERS; REGIONAL
IRRIGATION ENGINEERS; PROVINCIAL IRRIGATION
ENGINEERS; IRRIGATION SUPERINTENDENTS; PROJECT
ENGINEERS; AND ALL OTHERS CONCERNED
This Office

SUBJECT : Policies and Implementing Guidelines in the
Development of Irrigation Projects

Attached herewith for your information and reference are proposed policies and implementing guidelines in the development of irrigation projects which has been approved under NIA Board Resolution No. 2547-74 dated December 23, 1974, copy attached.

It is advised that you take note of the exceptions indicated in the resolution pertaining to the repayment of cost of systems turned over or to be owned by farmer beneficiaries, which should be treated separately on the case-to-case basis and subject to the approval of higher authorities.

In view of the foregoing, it is directed that the objectives, policies, and implementing guidelines in the development of irrigation projects be implemented immediately, taking note of the exceptions indicated in the approval of the same.

Immediate and strict compliance is hereby enjoined.

(SGD.) ALFREDO L. JUINIO
Administrator

February 4, 1975

RESOLUTION NO. 2547-74

RESOLVED, as it is hereby resolved;
to approve and confirm the Proposed Policies
and Implementing Guidelines in the Develop-
ment of Irrigation Projects, copy attached
as Annex "A" of this Excerpt - EXCEPT those
pertaining to repayment of cost of systems
turned over or to be owned by farmer bene-
ficiaries, in which case, although the
principle of partial repayment and/or ~~to~~
partial subsidy is approved in principle,
the mechanics or details will be treated
separately on a case-to-case basis and
subject to approval of higher authorities.

PROPOSED POLICIES AND IMPLEMENTING GUIDELINES IN THE
DEVELOPMENT OF IRRIGATION PROJECTS

I. PURPOSE AND OBJECTIVES:

1. To implement the irrigation development program of the NIA with increased attention on the construction of small gravity and pump irrigation projects (utilizing surface and shallow groundwater supplies), in order to accelerate generating irrigated areas.
2. To recover from the beneficiaries of all irrigation systems, the full cost of construction or portion thereof within a reasonable time and to the extent consistent with government policy, in addition to the collection of irrigation fees covering insurance and expenses for the operation and maintenance of the system by the NIA or irrigation charges for management and administration.
3. To undertake the organization of viable and responsible irrigators associations/cooperatives which may assist in the construction of irrigation projects, and to be developed by the NIA to undertake the management, operation and maintenance upon the completion of irrigation projects, or upon the return to the association/cooperative of the management of irrigation systems which have been temporarily administered by the NIA.

II. POLICY GUIDELINES:

1. It shall be the policy of the NIA to develop irrigation projects on the basis of a system of priority.
2. The NIA shall investigate, survey, plan and construct proposed irrigation projects. Whenever and wherever possible the irrigators' associations shall contribute labor, right-of-way and/or cash or materials for the construction of the projects. The NIA will provide the funds needed to complete the projects.
3. Upon completion of the project, same shall be turned over to duly organized irrigators' associations which shall operate, maintain and manage the completed irrigation systems, UNLESS the irrigators' association is not ready to take over

the management of the system, IN WHICH EVENT the NIA shall temporarily administer and manage the same.

4. PRIVATE IRRIGATION SYSTEMS CONSTRUCTED BY PRIVATE PERSONS MAY BE TEMPORARILY ADMINISTERED BY THE NIA UPON PETITION OF THE BENEFICIARIES, UNDER SUCH TERMS AND CONDITIONS AS MAY BE AGREED UPON BETWEEN THE BENEFICIARIES, THE NIA AND THE OWNER OF THE IRRIGATION SYSTEMS.
5. All efforts shall be exerted both by the NIA and the beneficiaries to organize and/or strengthen the irrigators' associations and develop its capability to operate and manage the completed irrigation system. The system shall be turned over to the irrigators' associations only after they have been fully trained to manage the systems.

NIA shall monitor and evaluate the performance of the irrigation systems to meet certain standards and extend technical assistance as may be needed.

6. FOR IRRIGATION SYSTEMS THAT SHALL BE OPERATED AND MAINTAINED BY IRRIGATORS' ASSOCIATIONS, the NIA shall recover from the irrigators' associations the cost of the projects or portions thereof to the extent consistent with government policy without impairing the incentive of the farmers to participate in the government's agricultural productivity program.
7. If the government takes over the management of the existing systems temporarily, the individual farmer shall pay irrigation fees to cover the cost of operation, maintenance and management in addition to the capital recovery cost, if any, to the extent consistent with government policy.
8. Turnover of the completed system to the farmers' association or take over of the administration of the system by the NIA shall be governed by agreements between the irrigators' association and the NIA and subject to all conditions precedent stipulated in the implementing guidelines.
9. Upon completion of the payment of amortization of the cost or appraised value of the projects, ownership thereof shall be transferred to the irrigators' association.

10. Existing national irrigation systems shall also be covered by these policies and implementing guidelines after the necessary irrigators' associations are formed and the corresponding agreements are signed between the irrigators group and the NIA. For purposes of determining the irrigation fees an appraisal of the present cost of the system shall be made to fix the repayment portion of the said irrigation fees.

III. IMPLEMENTING GUIDELINES:

A. Conditions Precedent

Before a proposed irrigation project, whether gravity or pump, is constructed, the following should be accomplished:

1. Feasibility study of project showing benefit-cost ratio, internal rate of return and returns on farmer's investments. (To be done by NIA)
2. Organization and registration of an irrigators' association of farmers to be benefited by project, generally with NIA initiative and assistance. Pending arrangements with appropriate government agencies regarding the formation of permanent irrigators' associations the BISA procedure in this regard shall be adopted.
3. Water rights application.
4. Plans, specifications and estimates of construction.
5. Contract or agreement between NIA and Irrigators' association for turn over of system and repayment of cost after construction.
6. Program of work.

In the construction of proposed irrigation projects priority shall be set in accordance with the following:

1. Projects which will cause harm to the environment or which will have adverse effects on

other development projects should not be prosecuted unless such harm can be remedied or reduced to acceptable levels.

2. Projects with rice as the principal crop shall be given priority over those for other crops.

3. Among projects with rice as the principal crop, priority in construction shall consider the following factors:

- (a) Benefit-cost ratio
- (b) Average size of farmers' landholdings
- (c) Incidence of tenancy
- (d) Farmers' commitment to do part of the project
- (e) Environmental impact

An approach to setting priorities involving the above factors is indicated as follows:

The process of setting project priorities, by means of a number of determining factors, is usually accomplished by giving relative "weights" to the individual factors and then assessing each project against each of the "weighted" factors. Because the weighting of the factors depends on the value system of the individual, the setting up of a system for determining priorities is inherently a subjective process. The method presented here, therefore, is open to modification, especially to the extent that it has been influenced by the value system of the proponent.

It is proposed that five factors be used in setting priorities for the construction of communal (both gravity and pump) irrigation systems. These are:

- 1. Benefit-cost ratio
- 2. Average size of farmers landholdings
- 3. Incidence of tenancy
- 4. Beneficiaries' commitment to do part of the project without cost to the government.
- 5. Environmental impact.

Every project is to be rated in terms of a number of points, in regard to each of the above factors, in accordance with the following tabulation:

F A C T O R	FORMULA FOR POINTS ALLOCATION
1. Benefit-cost ratio	50 x Benefit-cost ratio
2. Average area of farmers landholdings	25/a; where a = ave. size of landholdings
3. Beneficiaries commitment to do part of project:	100 c; where c = percentage of total project to be done by beneficiaries without cost to government,
4. Incidence of tenancy	20t; where t = percentage of tenancy in relation to total number of farmers
Environmental impact	+ 10 points, depending on degree of impact provided negative impact is within allowable limits. Allowable negative limit is minus 10 points.

The summation of points of the five factors shall be taken and the project with more points is given the higher priority.

B. Other Conditions for Project Implementation

1. Funding requirements to be supplied by NIA will depend on amount which the irrigation association is amenable to repay.
2. The estimate of repayment of construction cost shall be in accordance with the following:

(a) Ten percent (10%) of the total ^{direct} estimated cost shall be free* per NIA file 5, 1979

*This represents, approximately, engineering supervision and overhead which government may subsidize.

- (b) Seventy percent (70%) of the total cost shall be repaid without interest.
 - (c) Twenty percent (20%) of the total cost shall be repaid with interest at 6% per annum.
 - (d) Period of repayment shall not be less than twenty five years for gravity irrigation projects.
3. The association shall be encouraged to furnish right-of-way, labor and materials that it can supply. As an incentive the reduction in cost due to items furnished by the association without cost to the government shall be applied on that part of the total cost to be repaid with interest at six percent per annum.
4. During the period of construction and prior to turn over of the irrigation system to the association, the NIA shall train the association on operations, maintenance and management of the system.

C. Operation and Maintenance of Completed Irrigation Systems

1. Under the Irrigators' Association

- (a) The Irrigators' Association/Cooperative shall operate, maintain and administer the completed irrigation system in accordance with the terms and conditions of the agreement with the NIA.
- (b) The NIA shall exercise general supervision over the irrigation activities of the association, and for this purpose monitor and evaluate the performance of the irrigation system to meet certain standards prescribed in the agreement between the NIA and the irrigators' association.

2. Temporary Administration by NIA

- (a) The NIA shall temporarily administer irrigation systems operated, maintained and administered by irrigators' association when;

- (1) There is a violation of the conditions of the existing contract between the NIA and the association
 - (2) There is a petition of the majority of the beneficiaries of an irrigation system which has failed to provide adequate service to the water users. This petition shall be subject to compliance with the conditions herein provided and a subsequent agreement which will be entered into between the NIA and the association for this purpose.
 - (3) The duration of temporary administration by NIA should be only as needed for strengthening the irrigators' association. If necessary for this purpose, a reorganization of the association shall be effected. As soon as the association is re-stabilized, administration of the system shall be returned to the association.
- (b) Rules and Regulations for the operation and maintenance of the system by NIA.
- (1) The existing rules and regulation governing the operation and maintenance of national irrigation systems, in addition to specific conditions agreed upon between the NIA and the irrigators' association in so far as they are consistent with these guidelines, shall govern the temporary administration of the system by the NIA.
 - (2) All the operation, maintenance and administration personnel of the association shall be placed under the temporary supervision and control of the NIA.
 - (3) The NIA shall collect from the individual beneficiaries of the irrigation system irrigation fee to cover the cost of operation, maintenance and administration of the system and the repayment of the capital cost, if any, as stipulated

in the original agreement between the NIA and the irrigators' association.

- (c) Role of the Irrigators' Association during the temporary administration of the system by the NIA.
 - (1) The association shall continue to exist and it shall assist the NIA in the operation, maintenance and administration of the system.
 - (2) The officers of the association shall undergo on-the-job training from the NIA on the proper operation, maintenance and management of the irrigation system.
 - (3) The Irrigators' Association shall introduce whatever innovative changes or improvements are needed in its organization, operating procedures and conduct of business to effectuate a more efficient and profitable operation and management of the irrigation system during the temporary administration by the NIA and upon return of the system to the association.

D. Agreements or Contracts To Be Entered Into Between The Irrigators' Association and the NIA

- 1. Before any project is implemented there shall be an agreement to be entered into by and between the irrigators' association and the National Irrigation Administration. "Annex A" shows the format for this agreement.
- 2. If a temporary take over of the administration of an existing irrigation system is necessary a separate agreement shall be entered into. This is a case when there is no previous contract or agreement between the irrigators' association and the NIA.

This instrument pertains fo the construction of
and operation and maintenance of an irrigation system,
consisting of _____ pages, including this page where this
acknowledgement is written, duly signed by the contract-
ing parties and their instrumental witnesses at the left
hand margin of the first ____ pages, and at the end of
the instrument.

WITNESS MY HAND AND NOTARIAL SEAL this _____ day of
_____, 19 _____ at _____, Philippines.

Doc. No. _____
Page No. _____
Book No. _____
Series of 19____

NOTARY PUBLIC
Until December 31, 19____
PTR No. _____
Issued _____

ANNEX "A"

DRAFT OF
AGREEMENT BETWEEN IRRIGATORS' ASSOCIATION AND NIA

This Agreement executed and entered into this
_____ day of _____, 197____
at _____ by and between

The National Irrigation Administration, a
government-owned and controlled corporation,
with principal office at _____

Quezon City, Philippines, hereinafter known
and referred to as the NIA

a n d

Witnesseth That

WHEREAS, the beneficiaries have petitioned the
NIA to construct a gravity/pump irrigation system
which shall irrigate lands situated at _____
_____ municipality/ies
of _____
in the province of _____;

WHEREAS, The NIA could generate more areas under irrigation by enlisting and encouraging the participation of the beneficiaries in the construction, operation, maintenance and administration of the proposed irrigation project;

WHEREAS, the NIA desires to develop and organize the beneficiaries as a viable and responsible organization which shall administer the proposed irrigation project as soon as it is completed, so that such organization shall be the vehicle through which the rights and obligations of the beneficiaries shall be exercised;

NOW THEREFORE, for and in consideration of the foregoing premises, and by authority of the provisions of RA 3601 as amended by PD 552, the Guiding Principles, and the Rules and Regulations of the NIA which are incorporated as an integral part of this Agreement, the NIA and the beneficiaries have agreed and bound themselves to the conditions and stipulations embodied hereinafter to wit:

A. Rights and obligations of the National Irrigation Administration:

1. The NIA shall conduct studies, investigations and survey of the proposed irrigation project, prepare plans therefor and construct the project, as soon as the project is deemed feasible;

2. The NIA shall have the right to enter private property of the beneficiaries in connection with the conduct of feasibility studies, investigations and surveys of proposed projects, and generally, the NIA or its employees shall not be held liable for trespass nor damages by said beneficiaries, which may be incidental to said activities, unless there is gross negligence or willful acts done by said employees to cause such damages;
3. The NIA shall bear the cost of investigation, survey, plan preparation and other pre-construction engineering activities for the project.
4. The NIA shall likewise spend for the cost of construction of diversion dams or the cost of pumps and appurtenant works, as the case may be, as well as labor and materials for the construction of other irrigation works and terminal facilities; the amount expended by the NIA shall be recovered from the beneficiaries in _____ equal installments which shall be payable on the _____ year from the date of

turn over of the completed project to the beneficiaries, in accordance with the following mode of repayment:

- a) 10% of the total cost of the project shall not be repaid by the beneficiaries;
 - b) 70% of the total cost shall be repaid without interest; and
 - c) 20% of the total cost shall be repaid with interest at 6% per annum computed
-

- 5. The NIA shall inform the beneficiaries, in writing, as soon as the feasibility of the project is finally determined;
- 6. The NIA shall render assistance to said beneficiaries in the organization of an irrigator's association/cooperative and shall train the beneficiaries or those persons duly designated/appointed who shall undertake the operation, maintenance and management of the irrigation system upon its completion and turn over;
- 7. The NIA shall supervise the operation, maintenance and management of the irrigation system by the beneficiaries and shall impose and collect the annual fees or charges which the beneficiaries undertake to pay;

B. Rights and Obligation of the Beneficiaries

1. The beneficiaries shall be responsible for securing and complying with legal requirements relative to the construction of irrigation systems, such as water rights, easements, permits, legal fees or charges, and other similar requirements;
2. The beneficiaries shall organize themselves into an irrigator's association/cooperative as soon as they are duly informed of the final decision of NIA to construct the irrigation project;
3. The beneficiaries shall undertake to negotiate for the acquisition, by whatever mode, of private properties affected by the project or the establishment of easements for irrigation dams and canals, and shall whenever possible, contribute free labor and materials;
4. The beneficiaries shall identify and make available to the NIA for training all persons which shall ultimately be designated/appointed to operate, maintain and manage the completed irrigation system;
5. Upon the turn over of the completed irrigation system, the beneficiaries shall operate, main-

tain and administer the system in accordance with the By-Laws of the association/cooperative, and the Rules and Regulations which the association/cooperative shall promulgate with the concurrence of the NIA;

6. The beneficiaries shall spend for the cost of repairs, rehabilitation and improvement of the irrigation system while the same is under the administration of the association/cooperative; Provided, That major repairs or rehabilitation of diversion facilities may, upon request of the beneficiaries and under such terms and conditions which shall be embodied on a supplemental agreement between the parties herein, be undertaken by the NIA;
7. The beneficiaries shall undertake the collection of fees or charges which it shall impose as repayment of the annual amortization and the full amount of such annual repayment installment shall be delivered by the beneficiaries to the NIA as soon as the date of repayment falls due.

6. Special Conditions:

1. Should the beneficiaries violate any or all of the provisions of this Contract or any applicable rule or regulation which is in

incorporated herein as an integral part hereof, the NIA may give them a period of thirty (30) days within which to correct or remedy the violation, if such correction or remedy is possible; otherwise, any or all of such violations shall be a cause for the cancellation of the contract by a unilateral act of the NIA, with the consequential effect of holding the beneficiaries jointly and severally liable for the full payment of whatever unpaid amount is due of the recoverable cost of construction of the system, with interest of _____% per annum until fully paid, and damages arising from such violation/s;

2. The NIA may take over the temporary administration of the irrigation system in case of gross violation of the contract and/or when the operation and maintenance of the system by the beneficiaries is the primary cause of inadequate service;

IN WITNESS WHEREOF, the parties to this Agreement
have hereunto signed this instrument this ____ day of
_____, 19____ at _____,
Philippines.

NATIONAL IRRIGATION ADMINISTRATION
By:

Name

(Beneficiaries)

Designation

WITNESS:

1. _____ 2. _____

A C K N O W L E D G E M E N T

Before me, a Notary Public, for and in _____
_____, Philippines, personally appeared _____
_____ and _____, with Residence Certi-
ficates Nos. A-_____, A-_____
issued on _____,
at _____,
respectively, all known to me and to me known to be the
same persons who executed the foregoing Memorandum of
Agreement, and they acknowledged to me that the same is
their own, true and voluntary act and deed and the volun-
tary act and deed of the persons who they represents.