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Republika nd Pilipinas  
PAMBANSANG PANGASIWAAN NG PATUBIG  
(National Irrigation Administration )  
Lungsod ng Quezon

MC # 15 S, 1981

MEMORANDUM CIRCULAR

T O : ASSISTANT ADMINISTRATORS, REGIONAL IRRIGATION  
DIRECTORS, PROVINCIAL IRRIGATION ENGINEERS,  
REGIONAL ACCOUNTANTS, AND ALL OTHERS CONCERNED  
National Irrigation Administration

SUBJECT : EQUITY OR COUNTERPART PARTICIPATION OF  
IRRIGATION ASSOCIATION IN COMMUNAL IRRIGATION  
PROJECTS

For the purpose of supplementing previous memoranda  
on the above subject the following guidelines are hereby  
issued:

1. The term "equity participation" is the same as  
"counterpart participation". As the latter is  
usually more understandable to the farmers it  
should henceforth be used in lieu of the former.
2. In general counterpart or equity participation  
by the association shall be at least 10% of the  
cost of labor, materials, and equipment use of the  
project and may be any or a combination of the  
following:
  - a) The cost of labor at NIA rates furnished  
by the association without payment from  
the NIA. The labor may be for canals,  
structures, farm ditches, drainage ditches,  
surveys, temporary field office, bodegas,  
taking and recording gage readings, security  
and guarding services, and similar works  
done by the Association on the Project.
  - b) The cost of materials and supplies used  
in the project furnished by the Association  
without payment from NIA.

- c) The right of way for canals, diversion works, structures, or access roads furnished by the association without payment from the NIA within the service area on lands owned by beneficiaries of the project.
  - d) Any right of way acquired by the association on lands outside the service area of the project without payment from NIA
  - e) Cash contributed by the Association to the construction.
3. To simplify the determination of the counterpart of the association the right of way within the lands owned by the beneficiaries of the project (item 2-c above) shall be weighted as 3% of the cost of labor, materials and equipment use of the project. Thus the minimum counterpart requirement exclusive of such right of way shall therefore be 7% of the total cost of labor, materials and equipment use (exclusive of access roads) or ₱ 300 per hectare of area to be irrigated whichever is lower.
4. Where the Association agrees to contribute as counterpart participation a portion of the wages of its members, and this is withheld by NIA, a monthly summary report of wages of the members shall be prepared by the PIE indicating therein the amount withheld and the balance paid to the members. This shall be prepared in triplicate copies and to be distributed as follows:
- Original - President of the Association  
Duplicate - Regional Accountant  
Triplicate - file of the Provincial Office
- The amount withheld shall be credited to Income Account, Account Code 52-200 and shall be transferred monthly to the Central Office thru reciprocal account.
5. Counterpart participation reduces the amount which the Association will pay NIA after the project is completed. Thus if without counterpart participation the Association will pay for the project ₱ 300,000

but the Association during construction generates counterpart participation exclusive of right of way in the service area amounting to P21,000 it will pay NIA P279,000 within a certain period not exceeding 50 years after construction. This example is based on the usual condition that the right of way within the service area is not to be paid by NIA and therefore not a part of the amount which the association will repay NIA (refer to paragraph 2-c and paragraph 3 above).

6. The engineer incharge of the project shall keep a record of the counterpart participation of the Association.
7. The Association shall keep a record of the counterpart participation of each member.

For compliance.

(SGD.) FIORELLO R. ESTUAR  
Administrator

April 22, 1981