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

O & M Irrigation System
Irrigators Association

MC # 014, s. 1987

MEMORANDUM CIRCULAR

TO : REGIONAL IRRIGATION MANAGERS, PROJECT/OPERATION MANAGERS, MANAGERS OF OPERATIONS AND INSTITUTIONAL DEVELOPMENT DIVISIONS, IRRIGATION SUPERINTENDENTS AND ALL OTHERS CONCERNED

SUBJECT : CRITERIA IN THE SHARED MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEM OR PART THEREOF TO IRRIGATORS ASSOCIATION UNDER THREE (3) STAGES

For the guidance of all concerned attached is a copy of the "Standing Criteria in the Shared Management (Turn-over) of National Systems or Part Thereof to Irrigators Association Under Three (3) Stages". The general terms and conditions is a result of SMD's in-depth study on 70 irrigation systems and is in accordance with the views expressed by the Irrigation Superintendents during the Annual Planning Workshop held last quarter of 1985.

It is directed that the information herein be disseminated to personnel concerned including Irrigators Organization Workers and Irrigation Community Organizers for their proper guidance.

Please be guided accordingly.

(SGD.) FEDERICO N. ALDAY, JR.
Administrator

signed by FNA -- 3/25/87

STANDING CRITERIA IN THE SHARED-MANAGEMENT (TURN-OVER) OF NATIONAL SYST[illegible] OR PART THEREOF TO IRRIG[illegible]'S ASSOCIATION UNDER THREE (3) STAGES.

Generally, the objective of the shared management/turnover of some ditchtenders section to Irrigator's Association is in pursuance to a pro vision in the NIA charter, (P.D. 552, Section 2-a) that is, participatior of the farmers/IA in the management of our national irrigation systems [illegible] part thereof.

To help the irrigators' association in its capital build-up at the early stage of existence, NIA is giving incentives for different levels of collection efficiency as additional income depending on the assistance/pa ticipation of the association.

STAGE I - The Irrigators' Association participates in the operat[illegible] and maintenance of the section and also assist in the c[illegible] lection of irrigation service fees among the members ([illegible] Ditchtenders Section).

STAGE II - The Irrigators' Association participates in the operati[illegible] and maintenance of part of a national system and underta[illegible] collection of irrigation service fees among the members (several Ditchtender's Section)

STAGE III - The Irrigators' Association requests for the full turn ove[illegible] of the national system with an area of less than 1,000 has. on condition that they will amortize the investment and re-habilitation costs before the turn over.

RENUMERATION/INCENTIVE GIVEN TO IRRIGATORS' ASSOCIATION FOR ALL NATIONAL SYSTEMS INCLUDING MARIIS

STAGE I - A renumeration of ₱ 610.00 is given per Ditchtender's section of not more than 3.5 kilometers for earth canal or kms. for lined canal per clearing; and clearing not to exceed once a month.

- For assisting in collection, an incentive of 2.5% of the total collection of irrigation service fees for a collection efficiency of 70-99% or 5% if collection is greater than 99-100%; provided that 70% of the current collectible is collected; and 10% of the total amount in excess of 100% collection. The denominator in the analysis of the current collectible is the gross current collectible.

STAGE II - For collection at breakeven point, percentage share o' NIA equal to the sum of system O & M expenses without ditchtender, regional overhead cost and ICO expenses, a prorated to area under shared management times one hun- red percent, divided by the product of ninety percent c gross collectibles and break even point.

- For collection above the break even point, the sharing such that if 100% of current collectibles is collected of collection goes to NIA and 30% goes to IA.

- The term collection is net of the 10% rebate for prompt payment before the specified deadline for each irriga tion syst...

- In order to abate deliberate delaying of payment by th IA of current accounts, a 2% incentive is given for -- lection of back accounts incurred during the life of the contract after specific deadline.

- An incentive of 25% is given to the IA for the collect of back accounts incurred prior to the contract effec- tivity.

STAGE III - The IA amortizes the development/construction cost of the system, at the equivalent cost of 1.5 cavans/hectare/ annum; and provided that the amortizing period shall not be more than 50 years.

- For collecting Back Accounts prior to turn-over, 75% goe to the NIA and 25% goes to the IA.

INCENTIVES GIVEN FOR ASSISTING IN THE COLLECTION OF IRRIGATION SERVICE FOR IA IN UPRIIS ARE AS FOLLOWS:

Collection of ISF from the Current Collectibles

Percent Current Collection	Incentives
70 up to 79 %	1%
80 up to 85%	2%
86 up to 90%	3%
91 up to 94%	4%
95 up to100%	5%
	2% from the back accounts collectio-

*Breakeven Points = (100 (O & M expenses without DT + Regional Overhead + ICO expenses + P610/month/DT section) / 90% of Gross Collectibles)

METHODOLOGY OF SHARING ISF COLLECTIONS UNDER STAGE II

CONSIDERATIONS:

1. Current collectible is 90% of gross due to 10% rebate for paying before specific deadline for each season.
2. At 100% collection efficiency (net collectible as base), 70% goes to NIA and 30% goes to the IA.
3. Expenditures
   a) O & M cost (system level) direct cost without DT salaries prorated to DT section area plus ICO salaries prorated to the number of DT section organized.
   b) Regional overhead (O & M Div. and IDD Div. prorated to area of DT section organized by the irrigation systems).
4. Cropping Intensity : $\frac{225 + 125}{225} \times 100 = 155\%$
5. System's Personnel ISF collection credited to the IA for the purpose of computing breakeven point and collection incentives.
6. System-DT section/IA breakeven collection efficiency.

1st Step:

Compute:

a) Current collectible and net collectible

b) Total O & M cost

c) Regional overhead

d) DT canal maintenance expenses at six hundred ten pesos (₱610.00) per month per DT section.

2nd Step:

Established system-DT section/IA breakeven collection efficiency of the area under consideration in such a way that at such level, all system/DT section expenditures were already recovered and the IA has earned ₱610.00 per month per Ditchtender section

3rd Step:

The amount of ISF collection over and above the established system collection efficiency should be shared at a ratio to satisfy NIA-IA sharing of 70-30 percent respectively at 100% collection.

Hypothetical Example:

Assumptions:

Region's NIS Service Area	= 29,968 has.
System's service area	= 2,000 has.
No. of DT section under Joint Management	= 2
Area of DT section under Joint Management	= 250 has.
No. of ICO for the DT section under Joint Management	= 1
Salary of ICO	= ₱25,000.00/annum
Total system expenditure without DT	= ₱320,763.00/annum
O & M Division (Region)	= ₱162,000.00/annum
IDD Division (Region) (NIS only)	= ₱96,000.00/annum
Price of Palay	= ₱3.50/kg.

Computations:

1. Benefited area/collection under joint management

Wet Season - 225 has.

Dry Season - 125 has.

a) Current and net collectibles under joint management

W = 225 x 100 x ₱3.50 = ₱ 78,750.00

D = 125 x 150 x ₱3.50 = 65,625.00

Total = ₱144,375.00

Net Collectibles = .90 x 144,375

= ₱ 129,937.50

2. Total Expenditures

O & M Div. & IDD Div. (NIS Only) = $\frac{₱\ 162{,}000 + 96{,}000}{29{,}968}$ x 250

= ₱ 2,153 / annum

System w/o DP = $\frac{₱\ 320{,}763}{2{,}000}$ x 250

= ₱ 40,095/annum

Salary ICO = ₱ 25,000/annum

IA share at ₱ 610 per month/ditchtender section

= ₱ 610 x 2 x 12

= ₱ 14,640.00

Total = ₱ 81,888.00

DP section/IA breakeven collection efficiency

= $\frac{₱\ 81{,}888}{₱\ 129{,}937.50}$ x 100 = 63.02%

3. Sharing

a. First Quadrant Sharing

NIA = $\frac{2{,}153 + 40{,}095 + 25{,}000}{.6302 \times 129{,}937.50}$ x 100 = 82.12%

IA = $\frac{14{,}640}{.6302 \times 129{,}937.50}$ x 100 = 17.88%

b. Second Quadrant Sharing

$$NIA = \frac{70 - 0.8212\ (63.02)}{100 - 63.02} \times 100 = \underline{\underline{49.35\%}}$$

$$IA: \quad 100 - 49.35 = \underline{\underline{50.65\%}}$$

c. Total NIA-IA share at 100% collection

NIA: 1st quadrant = 0.8212 x 0.6302 x 129,937.50

= ₱ 67,[illegible]45.29

2nd Quadrant = 0.4935 x (1-0.6302) x 129,937.5[illegible]

= ₱ 23,713.11

Total = ₱ 90,95[illegible].40

IA: 1st quadrant = 0.17[illegible] x 0.6302 x 129,937.50

= ₱ 14,541.53

2nd quadrant = 0.5065 x (1-0.6302) x 129,937.50

= ₱ 24,337.77

Total = ₱ 38,979.10

NIA	IA	
49.35%	50.65%	
NIA share = 0.4935 x 0.3698 x 129,937.50 = ₱ 23,713.11	IA share = 0.5065 x 0.3698 x 129,937.50 = ₱ 24,337.77	) 100 - 63.02) = 36.98%
System-Di Section/IA Breakeven Efficiency = 63.02%		
82.12%	17.[illegible]%	
NIA share = 0.8212 x 0.6302 x 129,937.50 = ₱ 67,245.29	IA share = 0.17[illegible] x 0.6302 x 129,937.50 = ₱ 14,[illegible]1.53	} 63.0[illegible]

Total NIA Share = ₱ 67,243.29 + ₱ 23,715.11

= ₱ 90,958.40

$$\text{Percentage} = \frac{90,958.40}{129,937.50} \times 100 = \underline{70.00\ \%}$$

Total IA Share = ₱ 14,541.33 + ₱ 24,337.77

= ₱ 38,879.10

$$\text{Percentage} = \frac{38,879.10}{129,937.50} \times 100 = \underline{30.00\%}$$

SHARING

	70		30	
SECOND QUADRANT	NIA 50%		IA 50%	
BREAKEVEN POINT				63%
FIRST QUADRANT	NIA 80%		IA 20%	

STAGE II BILLING

1. FIRST PAYMENT .. From zero to System-DT section/IA Breakeven Point (BEP). At breakeven point collection NIA recovers its O & M and institutional development expenses and IA receives payment equivalent to P 610 per Ditchtender section per clearing per month.

$$\text{B.P.} = \frac{\text{NIA Expenses} + \text{IA Share}}{90\% \times \text{Collectibles on Area Under Stage II (C II)}}$$

$$= \frac{(A + B + C) + D}{0.9 \times \text{C II}} \times 100$$

where : A + B + C = NIA Expenses

D = IA Share

A = Regional Overhead Cost in Operation and Maintenance and Institutional Development Division (ROE) prorated to area under stage II (AII's)

$$= \frac{(\text{ROE} \times \text{AII's})}{\text{Region Service Area}}$$

B = System Operating Expenses without Ditchtender (SOE) prorated to area under stage II

$$= \frac{(\text{SOE} \times \text{AII's})}{\text{System Service Area}}$$

C = IDO's expenses (IDOE) prorated to area under stage II

$$= \frac{(\text{IDOE} \times \text{AII's})}{\text{Area Coverage per IDO}}$$

D = Expenses on System Maintenance on area under stage II

$$= \frac{\text{P } 610 \times 12 \times \text{AII's}}{\text{Area per Ditchtender Section}}$$

$$\text{NIA Share (\%)} = \frac{(A + B + C) \times 100}{0.9 \times \text{OII} \times \text{BEP}}$$

$$\text{IA Share (\%)} = \frac{D \times 100}{0.9 \times \text{OII} \times \text{BEP}}$$

B. SECOND QUADRANT – From breakeven point to 100 % collection. After the BEP NIA recovers expenses on Central Office overhead and some capital expenses while IA receives some amount for their capital build up. [illegible] to be viable should collect 70% of 90% of gross collectibles.

$$\text{NIA Share} = \frac{(70 - \text{NIA Share on First Quadrant} \times \text{BEP}) \times 100}{100 - \text{BEP}}$$

$$\text{IA Share} = 100 - \text{NIA Share Second Quadrant}$$

Irrigation System Guidelines O&M

0 & M

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MEMORANDUM CIRCULAR

TO : REGIONAL IRRIGATION MANAGERS, PROJECT/OPERATIONS MANAGERS, MANAGERS OF OPERATIONS AND INSTITUTIONAL DEVELOPMENT DIVISIONS, IRRIGATION SUPERINTENDENTS, AND ALL OTHERS CONCERNED
NATIONAL IRRIGATION ADMINISTRATION

SUBJECT : REVISED CRITERIA IN THE SHARED-MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEMS OR PART THEREOF TO IRRIGATORS' ASSOCIATION UNDER THREE (3) TYPES

Pursuant to NIA Board Resolution No. 5634-89 dated March 13, 1989 and for the guidance of all concerned, attached is a copy of the "Revised Criteria in the Shared Management (Turn-over) of National Systems or Part Thereof to Irrigators' Association Under Three (3) Types". The revisions hereof is in response to the commitment of the National Irrigation Administration, to the World Bank under the Irrigation Operations Support Project, Loan No. 2984 PH dated June 13, 1988.

It is directed that the information herein be disseminated to personnel concerned including Irrigators Organization Worker and Irrigation Community Organizers for their proper guidance.

This Memorandum Circular supersedes previous issuances (MCs 14 and 21, series of 1987) inconsistent herewith and shall be effective starting calendar year 1989.

Please be guided accordingly.

(SGD.) FEDERICO N. ALDAY, JR.
Administrator

signed 04-10-89

REVISED CRITERIA IN THE SHARED-MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEMS OR PART THEREOF TO IRRIGATORS' ASSOCIATION (IA) UNDER THREE (3) TYPES

The objective of the turnover of a part or whole of an irrigation system to irrigators' association is undertaken pursuant to Section 2-A of PD 552, as amended (NIA charter) which encourages the participation of farmers/IAs in the operation and maintenance of national irrigation systems.

After the farmers have duly organized themselves into an Irrigators' Association (IA) and have registered the association with the Securities and Exchange Commission (SEC), and depending on their organizational maturity, the IA could file a resolution expressing its interest and desire to enter into an agreement with NIA for the assumption of O & M responsibilities under any of the following types of contracts:

TYPE I - Irrigators' Association undertakes routine maintenance works of a certain length of the irrigation canal system.

TYPE II - Irrigators' Association undertakes collections of irrigation service fees from members.

TYPE III - Irrigators' Association requests NIA to turn over a definite part or whole of a national system with an area of less than 1,000 hectares with an understanding that it will amortize the investment and rehabilitation costs of the requested part or whole system before handing over.

REMUNERATION/INCENTIVE GIVEN TO IRRIGATORS' ASSOCIATION FOR ALL NATIONAL SYSTEMS INCLUDING MARIIS AND UPRIIS

TYPE I - A remuneration of ₱610.00 and ₱700.00 for non-viable and viable NISs, respectively, will be paid upon satisfactory maintenance (weeding, trimming canal banks, shaping and removal of debris of a reach of 3.5 kilometers of unlined canals or 7 kms. for lined canal per clearing). The canals shall be maintained as frequently as needed to maintain canal sections free of obstructions. However, desilting activities undertaken by IA will be paid by volume accomplished as per MOA entered by and between NIA and the IA.

TYPE II - Incentives given to IA for undertaking collection of irrigation service fee in all National Irrigation Systems are as follows:

Collection of ISF from current collectibles:

Percent Current Collection	Incentive to IA
< 70	0
70 to 79	2%
80 to 85	4%
86 to 90	6%
91 to 95	8%
96 to 100	10%

- To be entitled of the incentives, IAs have to collect at least 70% of current ISF collectibles.

- In order to encourage IAs to accelerate the collection of delinquent accounts, a 2% incentive will be credited to IAs for every collected delinquent account.

- An incentive of 25% will be credited to IAs for every collected delinquent account prior to date of effectiveness of the contract.

- The IA share shall be in the same mode of payment as that used for fee collection.

TYPE III - The IAs shall amortize development/construction costs of the turned-over system, at the equivalent cost of 1.5 cavans/hectare/annum; and provided that the amortizing period shall not be more than 50 years.

- The incentives for collecting delinquent accounts shall be as under Type II.

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