

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

MC No. 015 S. 1989

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS, HEADS OF DEPARTMENT
AND STAFF, REGIONAL IRRIGATION MANAGERS, PROJECT/
OPERATIONS MANAGERS, REGIONAL/PROJECT ACCOUNTANTS
CONCERNED, IRRIGATION SUPERINTENDENTS/OFFICERS-IN-
CHARGE OF NATIONAL IRRIGATION SYSTEMS, PROVINCIAL
IRRIGATION ENGINEERS AND ALL OTHERS CONCERNED
NATIONAL IRRIGATION ADMINISTRATION

SUBJECT : REVISED VIABILITY INCENTIVE GRANT (VIG) GUIDELINES

Pursuant to NIA Board Resolution No. 5634-89 dated March 13, 1989,
and in view of the desire of NIA management to grant a separate incentive,
apart ~~of~~ the VIG, in the form of cash award to OCM personnel for out-
standing performance for OCM, the guidelines on the Viability Incentive
Grant (VIG) is hereby revised.

The VIG is granted to financially viable NIA units in line with
the viability thrust of the agency. This is a monetary award to NIA
personnel who have contributed effort and performed creditably towards
attaining financial self sufficiency of their units.

It is expected that this VIG and the OCM cash awards will motivate
NIA units to attain and maintain financial viability and at the same
time attain satisfactory performance in the operations of the irrigation
systems for which NIA is responsible.

1.0 DEFINITION OF TERMS

1.1 UNIT -- Refers to the Regional Irrigation Office (RIO),
Irrigation Systems Office (ISO) and the
Provincial Irrigation Office (PIO) under evalua-
tion for viability. In the case of UPRIIS and
MARIIS, the Head Offices, the Districts or
Divisions under their jurisdictions are considered
units.

1.2 REGION -- Covers the RIO and all the units under its
jurisdiction, UPRIIS and MARIIS are treated
as regions.

Comment

1. There is no requirement as to performance. VIG is granted even if system is poorly administered
2. No indication as to when given & how often
3. Refers only to Systems. How about RIO & PIO?

1.3 EXPENSES - Refers to the following expenditures incurred by the unit under evaluation during the year.

1.3.1 Operation and Maintenance (O & M) Expenses:

1.3.1.1 Personal Services - Includes salaries and wages, cost of living allowances, amelioration, allowances, bonuses, medical, clothing and other allowances, government share in retirement, life insurance, medicare, employees compensation and term insurance.

1.3.1.2 Other Expenses - Include representation allowance, traveling, terminal leaves, collection expenses, incentives for provincial Fiscals' collection incentive bonus, Irrigators' Association bonus in the ISF collection, supplies and materials, power, rental, and auditing operating expenses.

1.3.1.3 Ordinary maintenance and minor repair of irrigation system facilities including canals and associated structures.

1.3.2 Expenses of maintaining NLA facilities and NLA service vehicles.

1.3.3 For purposes of VIG, project funds used in the operation and maintenance of units under evaluation shall be considered O&M expenses of the unit.

1.3.4 Residual expenses in the operation of dams. In the case of UPRIS and MARIS, residual expenses in the operation of the dams shall be shared proportionately by the various districts/divisions under them based on irrigated area.

1.3.5 Expenses incurred in operating revenue generating projects.

1.3.6 Loss and expenses incurred in the storage and disposal of collection in kind (palay) shall be considered as operating expenses of the unit.

*no overhead expense?
System - no provision for
regional expense?*

1.4 INCOME -- Refers to the following revenue earned by the unit under evaluation.

1.4.1 Irrigation Service Fees

1.4.1.1 Collection in Cash

1.4.1.2 Collection in-kind converted at the current government support price of paly.

1.4.2 Pump Amortization - Collection of amortization from pump recipients.

1.4.3 CIS Amortization and Equity Contribution -- Collection of CIS amortization and equity contribution from Las.

1.4.4 Equipment Rental - Rentals earned and collected for the use of NIA owned/acquired equipment shall not be credited for VIG calculations.

1.4.5 Sale of equipment and other NIA facilities - Only the excess of the proceeds over the depreciated value of the equipment shall be considered income.

1.4.6 Income derived from the revenue generating projects -- income derived from revenue generating projects shall be credited to the unit implementing the project.

2.0 AMOUNT OF VIG

2.1 For viable Regions -- The region shall be entitled to VIG of 2.5% of the net income of the region.

2.2 Viable Units -- Viable Units shall be entitled to VIG of 7.5% of their net income.

total including all units?

3.0 DISTRIBUTION OF VIG

The VIG received by a viable units shall be distributed to qualified NIA personnel who have contributed significantly to the efforts in attaining viability. It shall be based on the extent of participation as determined by the heads of units and approved by the NIA or Operations/Project Manager.

4.0 LIMITATION

- 4.1 In no case any personnel shall receive VIG of more than P4,000.00 per year.
- 4.2 Excess of VIG of any viable unit after distribution shall be kept as retained earning which shall be added to the VIG of the unit for the following years when viable to be made available for distribution.

5.0 REQUIREMENTS

- 5.1 The RIM/OM or PM shall submit to the Assistant Administrator for Finance and Management, Attention: Treasury Department, quarterly Statement of Income and Expenses. It shall be submitted not later than 15 days after the end of each quarter.
- 5.2 The RIM/OM or PM shall furnish the Assistant Administrator for Finance and Management copy of the distribution of VIG as based on criteria developed by the RIM/OM/PM.

6.0 ADDITIONAL INCENTIVES

Citation, recognition and special award shall also be given to viable units.

This Memorandum Circular supersedes all previous circulars inconsistent herewith and shall be effective starting calendar year 1989.

Please be guided accordingly.

(SGD.) FREDRICO H. ALDAY, JR.
Administrator

signed 4-10-89