

REF/FILE
NIA-LBP

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

MC # 45, S. 1990

MEMORANDUM CIRCULAR

TO : The Deputy Administrator/All Assistant Administrators/
Regional Irrigation Managers/Operations Managers -
MRIIS & UPRIS/Irrigation Superintendents/Provincial
Irrigation Engineers and All Other Concerned

SUBJECT : MEMORANDUM OF AGREEMENT BETWEEN THE NATIONAL IRRIGATION
ADMINISTRATION AND THE LAND BANK OF THE PHILIPPINES (LBP)

Attached for your information and guidance are the Memorandum of Agreement between NIA and LBP and corresponding guidelines for the complementation of programs designed to assist the irrigators associations (IAs) in farm financing and in pursuing related economic activities beyond system operations and maintenance.

The principal consideration of forming a tie-up with LBP is to provide opportunities for our IAs to enjoy the much-needed basic agricultural support services available for their growth and development. It is however stressed that eligible participants under this joint program should consider the level of maturity of IAs in terms of systems operation and maintenance as well as in managing business-like projects. Premised on these therefore, gradual transformation of IAs into cooperative type of organization could be an ideal guiding approach and scheme in the eventual development of IAs towards cooperativism. The guiding principle should take into account the natural course of development of IAs into cooperatives which should be based primarily on the decision of the IA leaders and members with NIA making some intervention in terms of providing necessary guidance and direction to achieve the desired transformation of IAs into cooperatives.

It is advised that concerned organizational units should initiate coordinative efforts with LBP aimed at implementing smoothly and effectively the tie-up in accordance with the provisions spelled out in the MOA and implementing guidelines.

For your guidance.

(SGD.) JOSE B. DEL ROSARIO, JR.
Administrator

5 July 1990

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement made and entered into by and between:

The **NATIONAL IRRIGATION ADMINISTRATION**, a government corporate entity, and existing by virtue of Republic Act 3601 and PD 552 and amended by PD 1701 with principal office at NIA Building Complex, EDSA, Quezon City, Metro Manila, represented herein by its Administrator, **JOSE B. DEL ROSARIO, JR.**, hereinafter referred to as NIA;

The **LAND BANK OF THE PHILIPPINES**, a government-owned and controlled corporation duly organized and existing under Republic Act 3644, as amended with principal office at LBP Building, Sen. Gil Puyat Avenue, Makati, Metro Manila, represented herein by its President, **DEOGACIAS N. VISTAN**, hereinafter referred to as LBP.

WITNESSETH: THAT--

WHEREAS, the NIA thru its World Bank-Assisted Second Communal Irrigation Development Project (CIDP II) and other irrigation projects will rehabilitate old or existing systems and construct new ones in an effort to expand new irrigation areas for rice production;

WHEREAS, the NIA's Institutional Development Program has brought about the organization of strong and viable farmer-irrigators cooperatives that could be transformed into economic working units for the operation of productive livelihood projects;

WHEREAS, the LBP with its expanded role under the Comprehensive Agrarian Reform Program recognizes the need to establish linkages with the government and/or private sectors in the planning and execution of programs and projects towards the delivery of financial, developmental and support services to promote rural and industrial development;

WHEREAS, the LBP is committed to help farmers, particularly organized ones, raise their standard of living through the provision of financial assistance for their capital and operational needs directly or through financial intermediaries;

WHEREAS, the farmer-irrigators cooperatives (IAs) in the irrigated operational areas of NIA have been clamoring for more aggressive assistance services from the government and private

sectors that would enhance their economic growth and uplift their living standards;

WHEREAS, LEP plays an important role not only in financing but also in identifying and evaluating bankable livelihood projects;

WHEREAS, the thrust of NIA's program of developing irrigators cooperatives and LEP's program of tapping the potential of organized farmers' groups as beneficiaries of cooperative development efforts would eventually contribute to the acceleration of the country's economic recovery;

NOW, THEREFORE, for and in consideration of the foregoing premises and the terms and conditions herein below stipulated both parties mutually agree on the following:

A. OBLIGATION OF THE PARTIES

1. NIA shall:

- 1.1 Conduct jointly with LEP, information dissemination to NIA's field level staff and IA's in CIDF II areas who wish to avail of LEP's financial assistance program.
- 1.2 Recommend participating IAs cooperatives as eligible participants under the program in accordance with the prescribed selection criteria.
- 1.3 Provide assistance to IAs cooperatives in the identification of livelihood projects, preparation of feasibility studies and project proposals on specific projects to be implemented that would uplift the IA's economic condition.
- 1.4 Assist recipient-IAs cooperatives in adhering to the credit policies, rules and regulations set forth by LEP relative to the grant of loans.
- 1.5 Provide necessary assistance to ensure the satisfactory repayment of loans availed of by the IAs cooperatives.
- 1.6 Continue to make available its training facilities, trainers and necessary personnel, materials, equipment as well as project models to the concerned IAs cooperatives for the conduct of necessary trainings/workshops.
- 1.7 Continue to conduct trainings on Basic Leadership Development Course (BLDC), System Management, Financial Management Trainings (SMT, FMT) and operation and management of identified IA projects.

- 1.8 Assign existing manpower in a manner that would ensure the conduct of all pertinent activities regarding program implementation.
- 1.9 Assist the concerned IAs in the implementation of projects and, in close coordination with LBP, monitor project status and conduct post project evaluation.
2. LBP shall:
 - 2.1 Through its concerned Field/Regional Offices, orient NIA personnel concerned on the various aspects of LBP credit delivery program and other related support services.
 - 2.2 Spearhead the dissemination of information on the program among participating IAs.
 - 2.3 Assist the participating IA's cooperatives identify and prepare viable livelihood/income generating project proposals and feasibility studies jointly with NIA.
 - 2.4 Subject to its lending policies and procedures, provide timely financial assistance to IAs cooperatives for the implementation of identified projects.
 - 2.5 Provide necessary trainings as well as technical supervision and guidance to recipient IAs cooperatives to ensure the productive operation of the cooperative enterprise.
 - 2.6 Assign field personnel as counterparts who will undertake jointly with NIA fieldmen, field supervision and monitoring of the NIA-LBP initiated projects.
 - 2.7 Monitor status of projects financed and conduct post-project evaluation jointly with NIA.

E. GENERAL PROVISIONS

1. This joint program shall be initially implemented on a pilot basis, hence, it shall be limited to IAs cooperatives recommended by NIA.
2. Program expansion which shall be mutually agreed upon by both parties shall depend on the results of pilot implementation.
3. The program shall be jointly monitored and evaluated by both agencies.

4. Implementing guidelines for the tie-up jointly formulated by both agencies attached hereto as Annex "A" is made an integral part of this Agreement.

5. This Memorandum of Agreement shall take effect immediately and shall be circularized to various field offices of both agencies upon signing hereof by the respective heads of said agencies.

C. AMENDMENT

This Agreement may, upon mutual consent of the parties, be amended, revised, or modified at any time by or through an addendum.

D. EFFECTIVITY

This Agreement shall take effect upon its signing by both parties and shall remain in force for a period of five (5) years unless sooner terminated for cause, in which case a written notice to the other parties shall be served sixty (60) days in advance prior to termination.

IN WITNESS WHEREOF, the parties have hereunto signed this Memorandum of Agreement this 14 day of June, 1990 at Makati, M.M., Philippines.

NATIONAL IRRIGATION
ADMINISTRATION

BY:

JOSE B. DEL ROSARIO, JR.
Administrator

LAND BANK OF THE PHILIPPINES

BY:

DEOGACIAS N. VISTAN
President

SIGNED IN THE PRESENCE OF:

Witness

Witness

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

MUNICIPALITY OF MAKATI) S.S.
METRO MANILA)

BEFORE ME, this 15 JUN 1990 day of _____, 1990, in _____, personally appeared:

Name	Res. Cert. No.	Date & Place of Issue
JOSE B. DEL ROSARIO	500597 K	1/30/90 Quezon City
DEOGRACIAS N. VISTAN	8134155 K	3/14/90 Makati

known to me and to me known to be the same persons who executed the foregoing instruments and acknowledged to me that the same is their free act and deed as well as of the corporation they represent.

This contract consists of five (5) pages including this page on which the acknowledgment is written, signed by the parties and their instrumental witnesses and sealed with notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand on the date and at the place above written.

Doc. No. 495
 Page No. 140
 Book No. VII
 Series of 1990.

[Signature]
 Notary Public
 Until December 31, 1990
 PIR No. 788965
 Issued on Jan. 31, 1990
 At Makati, Metro Manila

[Signature]
[Signature]

[Signature]

**POLICIES AND IMPLEMENTING GUIDELINES
NIA-LBP IRRIGATORS ASSOCIATIONS ASSISTANCE PROGRAM**

INTRODUCTION

The institutional development thrust of the National Irrigation Administration (NIA) and the Land Bank of the Philippines (LBP) scheme of supporting and tapping duly organized and registered irrigators associations are parallel commitments which are in consonance with the policies set by the national government towards sustained economic development in the countryside.

As mandated, NIA is pursuing vigorously the construction and operation of more irrigation systems in order to provide adequate irrigation water that would ensure productive land utilization the year round. On the other hand, LBP provides these irrigators associations the needed financial assistance to be able to raise the levels of farm production and income of the farmer-members. Recognizing the importance of establishing a cohesive alliance to complement each others development programs, a Memorandum of Agreement between said government entities was forged in response to the clamor of aggressive and enterprising farmer-irrigators associations in the irrigation areas for the much needed financial and managerial assistance towards successful pursuit of cooperative activities.

COVERAGE/SCOPE

The tie-up shall pursue the complementation of programs in all irrigation areas nationwide and in the Second Communal Irrigation Development Project (CIPD II) areas to cover all organized Irrigators Associations (IAs). The initial phase of the program implementation shall involve IAs recommended by NIA which have satisfactorily qualified under the selection criteria prescribed jointly by LBP and NIA. Expansion of the program shall depend on the results of the pilot implementation.

ORGANIZATION AND MANAGEMENT

To effect smooth and successful implementation of the program, different working committees in the National, Regional and Provincial levels shall be created to oversee the implementation and monitoring of the program.

A. National Program Management Committee (NPMC)

The NPMC shall serve as the policy-making body of the program and shall be responsible for its overall management. It shall maintain effective coordination among the

participating entities to achieve its goals and objectives. The NPMC shall be composed of the LBP President, or his designate, as the Chairman, the NIA Administrator as the Vice-Chairman and two more representatives from each agency as members.

A Technical Program Secretariat shall directly assist the NPMC in program implementation. Both the LBP and the NIA shall assign members of their respective technical staff to the Secretariat. The Secretariat shall be in-charge of the overall monitoring and assessment of the program implementation and shall provide the NPMC with regular progress reports. It shall also be responsible in the formulation and review of basic program policies and guidelines subject to the approval of the NPMC.

B. Regional Program Management Committee (RPMC)

The RPMC shall be responsible in the overall program implementation and in providing necessary direction and guidance to field implementors. The committee shall be composed of the LBP Regional Head and NIA's Regional Irrigation Manager as Chairman and Vice-Chairman, respectively. NIA's IDD Regional Manager and another representative from LBP Regional Office shall be designated as members.

C. Provincial Program Implementing Committee (PPIC)

The PPIC shall be responsible for the regular assessment of the program. It shall also provide direction and guidance to field implementors, and shall see to it that harmonious relationship exists among the field implementors. The LBP shall select from among its Field Operations Managers within the province to act as the PPIC's Chairman. In the same manner, the NIA shall select from among its provincial Irrigation Engineers/Superintendents to act as Vice-Chairman.

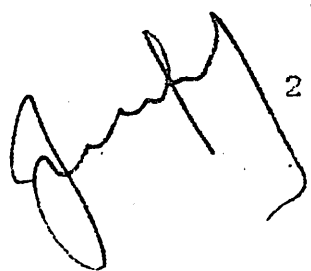
OPERATING POLICIES

A. ELIGIBLE PARTICIPANTS

Under the program, the level of maturity of IAs in terms of their performance in system operation and maintenance as well as in managing and operating business enterprises shall be highly considered. As such, the following IAs can participate:

1. Self-Reliant Irrigators Associations

To be considered under the category, the Irrigators' Association should have the following characteristics:

A large, stylized handwritten signature in dark ink, possibly reading 'Garcia'.

2

Handwritten initials, possibly 'R' or 'L'.Handwritten signature, possibly 'V. Garcia'.Handwritten signature, possibly 'M'.

B. ELIGIBLE PROJECTS

Financial assistance through loans shall be granted by LBP to IAS cooperatives primarily for rice production and for the establishment, expansion and development of financially, economically viable and technologically feasible agri-business agro-industrial projects that have high socio-economic impact to small farmers.

The scope of financing shall include the whole production to post production activities involved in such eligible projects.

C. LOAN TERMS/LENDING POLICIES

The loan terms, interest rates, repayment schedule, etc. for the loans to be granted to the IAS cooperatives shall be subject to LBP's lending policies and guidelines. Among others, the specific policies are as follows:

1. The amount of loan shall depend on the actual needs of the project as determined by LBP;
2. The loans to IAS cooperatives shall be charged 12% interest p.a. for all production loans and 16% p.a. for medium and long term loans (fixed assets) and subject to escalation and descalation policies of the bank. On the other hand, relending rate to the members by the IAS shall be determined by the IAS cooperatives itself;
3. The term of the loan and repayment schedule shall depend upon the crop cycle as well as the realistic cash flows and economic life span of the project to be financed as evaluated by LBP.

PROCEDURAL GUIDELINES

A. PROJECT IDENTIFICATION AND ACCEPTANCE

The IAS cooperatives with the assistance of NIA field personnel identify their needs/projects and prepare the project proposal. The identification of a viable project shall be screened by the PPIC.

The proposal shall be submitted to LBP's Field Office for further evaluation and final acceptance by the Bank.

B. PROJECT APPRAISAL AND EVALUATION

If the proposal needs a more detailed packaging or feasibility study preparation, it shall be endorsed to appropriate departments/units of the Bank and/or NIA which shall constitute a task force to assist the farmers in preparing an in-depth study. Other entities such as the

- a) Composed of several IAs, federated and registered as a Cooperative;
- b) The organization charter suits the laws, rules and regulations set forth by the registering agency. Its Constitution and By-Laws must be designed in consonance with the policies of the Bank (e.g. must be registered as a cooperative in good standing);
- c) The leadership strata is well-trained and organized as warranted by trainings attended by the officers and their track records in the operation of business/economic activities;
- d) It must have complied with the minimum requirement of the Cooperative Development Authority (CDA);
- e) It must have strong linkages with private as well as government entities relative to its business activities;

2. Irrigators Associations in the Intermediate Stage

Associations are considered to be under this stage if they possess the following qualities:

- a) The organization charter suits the laws, rules and regulations set forth by the registering agency. Its Constitution and By-Laws are designed in consonance with the policies of the Bank (e.g. must be registered as a cooperative in good standing);
- b) The middle management group is sufficiently prepared for future succession of leadership as warranted by the trainings attended;
- c) The association must have been converted as a cooperative and existent for at least one (1) year.

3. Associations in the Formation Stage

Associations with the following characteristics are considered under the Formation Stage:

- a) Newly organized/registered IAs with no track record in operating a particular kind of business;
- b) The association should at least have been in existence for one year.

Department of Agriculture through its LEAD program may also be tapped for assistance.

The viability of the project shall be determined by the results of the evaluation by LBP or the feasibility study.

C. PROJECT DOCUMENTATION AND APPROVAL

Upon establishment of the project's viability, the IA cooperative is informed by LBP through the Field Office and NIA's field personnel to file its loan application with LBP.

Subject to the other LBP documentary requirements complied by the IA cooperative, the loan shall be approved for release by LBP.

D. PROJECT IMPLEMENTATION AND MONITORING

The implementation of the project shall be closely monitored and regularly assessed by the PPIC which provides the necessary direction and guidance to both NIA and LBP field personnel. The members of various committees from the provincial to the national level shall be responsible in providing an integrated quarterly status and yearly assessment reports to top management of both NIA and LBP.

E. PROJECT EVALUATION AND REPLICATION

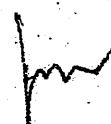
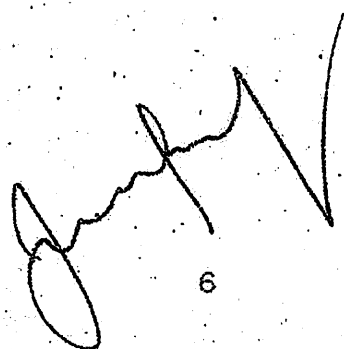
Upon completion of the project, the PPIC submits its terminal/evaluation report to the NPMC through the RPMC.

The NPMC as the policy making body determines whether to replicate/expand the project in other areas if found feasible.

OTHER GENERAL PROVISIONS

1. This joint program of LBP and NIA shall be implemented in all irrigation areas particularly in the CIDP II areas and shall be limited to IAs cooperatives recommended by NIA. Priority areas/sites shall be determined both by LBP and NIA.
2. The replication and/or expansion of completed projects shall be mutually agreed upon by both NIA and LBP through the NPMC upon recommendation by the PPIC and RPMC.
3. If warranted, LBP shall identify feasible areas/sites within the CARP which needs irrigation systems and other infrastructures and recommend to NIA to provide the necessary land development facilities/equipment to the farmers groups/cooperatives at nominal cost.

4. Where needed and available to CARP beneficiaries, NIA shall provide training facilities, demonstration centers in the pursuance of the overall objective of this tie-up.





**PHILIPPINE
CROP INSURANCE
CORPORATION**

June 8, 1990

**JOINT MEMORANDUM CIRCULAR
PCIC-NIA NO. 90-01
Series of 1990**

TO : ALL CONCERNED

**SUBJECT : GUIDELINES FOR THE IMPLEMENTATION OF THE MEMORANDUM OF
AGREEMENT BETWEEN THE PCIC AND THE NIA**

In a Memorandum of Agreement, effected on June 6, 1990, the PCIC and the NIA entered into a working relationship to enable both government entities to expand their services to wider areas of coverages in order to reach out to greater number of farmer beneficiaries. This relationship involves the selection, training and deputation of Irrigators Associations as crop insurance underwriting agents for borrowing and self-financed farmers and Water Masters/ Irrigation Technician/Institutional Development Officers as crop insurance solicitors for qualified self-financed farmers.

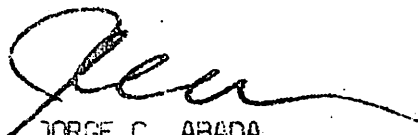
Attached hereto is the Implementing Guidelines of the aforesaid Memorandum of Agreement (Attachment A).

Wherefore, all concerned personnel of the PCIC and the NIA are enjoined to implement immediately the provisions of the PCIC-NIA Memorandum of Agreement thru proper programming of information-dissimination and operational activities.

This Circular takes effect immediately.

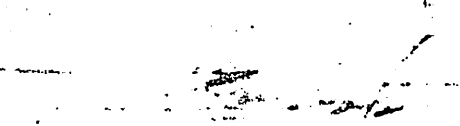
**PHILIPPINE CROP INSURANCE
CORPORATION**

By:


**JORGE C. ABADA
President**

**NATIONAL IRRIGATION
ADMINISTRATION**

By:


**JOSE B. DEL ROSARIO, JR.
Administrator**

AMR:DMC:jdc

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENT:

This AGREEMENT made and entered into this 6th day of June, 1990 at San Juan, Metro Manila, Philippines, by and between:

The PHILIPPINE CROP INSURANCE CORPORATION, a government corporation created under and by virtue of P.D. 1467, as amended, with principal office at VAG Building, Ortigas Avenue, Greenhills, San Juan, Metro Manila, represented herein by Mr. JORGE C. ABADA, President and hereinafter referred to as PCIC,

- and -

The NATIONAL IRRIGATION ADMINISTRATION, a government corporation created under and by virtue of P.D. 552, as amended, with principal office at NIA Building Complex, EDSA, Diliman, Quezon City, represented herein by Mr. JOSE B. DEL ROSARIO, JR. Administrator and hereinafter referred to as NIA.

WITNESSETH

WHEREAS, PCIC was created to provide insurance protection to agricultural crops against losses arising from natural calamities as well as plant pest and disease infestations;

WHEREAS, PCIC insures agricultural crops not only of borrowing farmers under the supervised credit program but also of self-financed farmers, who are willing to be supervised by accredited agricultural technicians who are assigned in their areas;

WHEREAS, PCIC is desirous of tapping the Irrigators Associations as Underwriting Agents and the Water Masters/Irrigation Technicians/Institutional Development Officers as Insurance Solicitors in order to extend crop insurance protection to a greater number of self-financed farmers, considering their strategic locations in the community;

WHEREAS, NIA is cognizant of the importance of crop insurance to agricultural development and the significant roles of its Irrigators Associations and Water Masters/Irrigation Technicians/Institutional Development Officers in the expansion of crop insurance coverages to a greater number of farmer beneficiaries;

NOW, THEREFORE, for and in consideration of the foregoing premises and the mutual covenants herein made, the parties hereby agree as follows:

1.0 The NIA shall:

- 1.1 Submit to PCIC Regional Offices a list of duly constituted Irrigators Associations and of Water Masters/ Irrigation Technicians/ Institutional Development Officers indicating therein their area of operation, the total service area in hectares, the names and number of farmers within an Irrigators Association and under their supervision.
- 1.2 Upon invitation of PCIC, require its provincial and irrigation system officers/representatives to attend seminars/ trainings/conferences on crop insurance underwriting to be conducted by PCIC whenever necessary.
- 1.3 Authorize such of its Irrigators Associations and Water Masters/Irrigation Technicians/Institutional Development Officers as are selected and trained by PCIC to act as Underwriting Agents and insurance solicitors, respectively, for borrowing and self-financed farmers, in addition to their regular duties.
- 1.4 Authorize its Irrigators Associations and Water Masters/ Irrigation Technicians/Institutional Development Officers who may be involved in the underwriting and solicitation arrangement to receive monetary incentives from PCIC as hereinafter provided; subject to accounting and auditing rules and regulations.
- 1.5 Allow PCIC or its duly authorized representative access to records of Irrigators Associations at all times insofar as they pertain to crop insurance.
- 1.6 Authorize its Irrigators Association and Water Masters/ Irrigation Technicians/ Institutional Development Officers to enter into a separate Deeds of Undertaking with PCIC as may be required under this underwriting and solicitation arrangement.

2.0 The PCIC, for its part, shall:

- 2.1 Conduct seminars/trainings or conferences on crop insurance underwriting and solicitation involving NIA representatives, Irrigators Associations and Water Masters/ Irrigation Technicians/ Institutional Development Officers as it may deem necessary.
- 2.2 Deputize, on a selection basis depending on need, Irrigators Associations as underwriting agents both for borrowing and self-financed farmers; and the Water Masters/ Irrigation Technicians/ Institutional Development Officers as Insurance Solicitors for qualified self-financed farmers.
- 2.3 Cause the bonding of the Irrigators Association in the person of the President or any authorized official and pay for the premium therefor.

2.4 Grant service fee/monetary incentives based on premiums collected of 5% for borrowing farmers and 10% for self-financed farmers, which shall be shared equally between underwriting agent and the solicitor.

2.5. Entitle the Water Masters/Irrigation Technicians/ Institutional Development Officers to an incentive fee of ₱3.00 per farmer for reporting the planting of the farmer under his supervision and another ₱3.00 for reporting the harvest of said farmer using the PCIC prescribed planting/harvest report forms.

2.6 Provide the Irrigators Association with pertinent underwriting forms such as Applications for Crop Insurance and Certificates of Insurance Cover, which are accountable forms.

3.0 Special Provisions

3.1 The NIA shall negotiate with the farmers who availed of crop insurance for the assignment to NIA of proceeds from crop insurance of irrigation service fees due.

3.2 The PCIC with prior consent of the farmers shall cause the deduction from the proceeds of crop insurance indemnity the amount equivalent to computed irrigation service fee and effect the remittance of same to NIA.


4.0 Effectivity

This agreement shall take effect upon signing hereof by all parties concerned and shall continue to be in full force and effect until terminated by either party upon notice in writing of at least sixty (60) days before the intended date of termination.

IN WITNESS WHEREOF, the parties hereunto set their hands on the day and place above written.

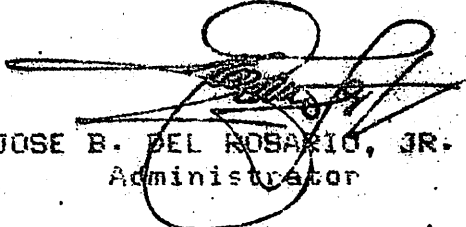
PHILIPPINE CROP INSURANCE
CORPORATION

By:

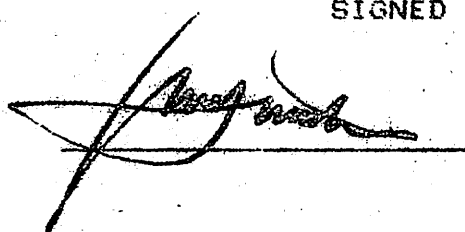

JORGE C. ABADA
President

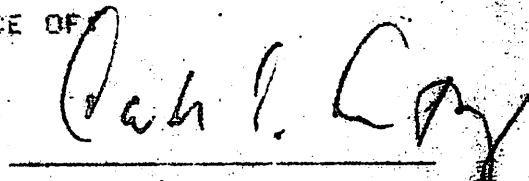
NATIONAL IRRIGATION
ADMINISTRATION

By:


JOSE B. DEL ROSARIO, JR.
Administrator

SIGNED IN THE PRESENCE OF





ACKNOWLEDGEMENT

Republic of the Philippines)
Province of Rizal) S.S.
Municipality of San Mateo)

BEFORE ME, a Notary Public for and in the above jurisdiction
personally appeared:

<u>N A M E</u>	<u>RES. CERT. NO.</u>	<u>DATE/PLACE ISSUED</u>
JORGE C. ABADA	3489	2/20/90, Manila
JOSE B. DEL ROSARIO	500597 K	1/30/90, Quezon City

known to me and to me known to be the same persons who executed
the foregoing instrument and acknowledged to me that the same is
their free and voluntary act and deed.

This instrument consisting of four (4) pages including this
page, and signed on each page by the parties thereof and their
instrumental witnesses, refers to a Memorandum of Agreement.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
my official seal at the place and on the date first herein above-
written.

Doc. No.: 431
Page No.: 28
Book No.: 28
Series of 1990

Willy B. Malina
WILLY B. MALINA
NOTARY PUBLIC
UNTIL DEC. 31, 1990
OTR No 765115

Jan. 5, 1990

A. F. M. M.

**IMPLEMENTING GUIDELINES
NIA-PCIC MEMORANDUM OF AGREEMENT**

1. Procedures for PCIC-RO/NIA-RO Underwriting Agreement

- 1.1 The Irrigators Associations to be constituted as Underwriter and the Water Masters/Irrigation Technicians/Institutional Development Officers to be constituted as Insurance Solicitors must be endorsed by the NIA Regional Irrigation Director.
- 1.2 The list of duly constituted Underwriters and Solicitors shall be submitted to PCIC-RO indicating therein area of operation, the total service area in hectares, the names and number of farmers within an irrigators association and under their supervision.
- 1.3 The Underwriters must post a surety bond equivalent to the estimated monthly volume of insurance premium collected.

2. Training and Orientation

- 2.1 The PCIC-RO shall be responsible for training the Underwriters and the Solicitors on policies, rules and regulations and systems and procedures for crop insurance.
- 2.2 Expenses for training except transportation of trainees to and from the training site shall be for the account of the PCIC-RO.

3. Underwriting Forms

- 3.1 The PCIC-RO shall provide the Underwriters with Certificates of Insurance Cover (CICs) and other underwriting forms.

4. Supervision of Farmers Production

- 4.1 To comply with the pertinent provisions of P.D. 1467, only those farmers who are supervised by duly accredited production technician shall be eligible for crop insurance.
- 4.2 The NIA Water Masters/Irrigation Technicians/Institutional Development Officers who are duly constituted crop insurance solicitors will supervise as production technicians the insured farmers within their service areas and jurisdiction.

5. Underwriting Mechanics

- 5.1 Farmer-members of the Irrigators Association (IA) shall apply for crop insurance by accomplishing the Application for Crop Insurance (ACI) and the FFB and LSM with the assistance of the NIA Water Masters/Irrigation Technicians/Institutional Development Officers.
- 5.2 The ACI, FFB and LSM shall be in the form prescribed in the rules and regulations of PCIC.

5.3 The accomplished ACI, FPB, and LSM shall be submitted by the farmers to the Water Masters/ Irrigation Technician/ Institutional Development Officers who looks into the completeness of the documents. If found in order they are submitted by the Water Masters/ Irrigation Technicians/Institutional Development Officers to the Irrigators Association-Underwriter and the farmer should make available his premium money for the issuance of the CIC.

5.4 Within fifteen (15) days after the collection of premium and after the issuance of the CICs, the IA Underwriter shall prepare the Summary Report (SR) in two copies and submit the same to the PCIC-RQ together with (1) the check/bank draft or PMO covering the remittance; (2) one copy each of the ACI, FPB and LSM.

5.5 The amount of remittance shall be net of the ten percent of the service fee.

6. Assignment of Proceeds of Crop Insurance

6.1 The farmer shall assign proceeds from crop insurance to NIA to cover irrigation service fee provided such assignment shall be with the prior consent of the PCIC.

7. Incentives

7.1 The Water Masters/Irrigation Technicians/Institutional Development Officers shall be entitled to the \$3.00 incentive per farmer for reporting the planting of the farmer under his supervision and another \$3.00 for reporting the harvest of the farmer using the PCIC prescribed planting/harvest report forms.

7.2 The IA Underwriting and the NIA Solicitor are qualified to enter in the underwriting contest which may be sponsored by the PCIC.

8. Notice of Loss

8.1 The farmer shall notify the PCIC of losses incurred by his insured crops in the form and manner prescribed by the PCIC Rules and Regulations.

8.2 The Water Masters/Irrigation Technicians/Institutional Development Officers shall monitor the activities of the insured farmer under his supervision.

8.3 The PCIC shall endeavor to investigate and settle claims in the shortest time possible.

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