



Republika ng Pilipinas
Ang Pangasiwaan
NATIONAL IRRIGATION ADMINISTRATION
Lungsod ng Quezon

OFFICE ADDRESS: NATIONAL GOVERNMENT CENTER
E. DE LOS SANTOS
QUEZON CITY, PHILIPPINES

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OUR REFERENCE:

MC No. 44, s. 1991

MEMORANDUM CIRCULAR

TO : THE DEPUTY ADMINISTRATOR, ASSISTANT ADMINISTRATORS,
DEPARTMENT MANAGERS, STAFF HEADS, REGIONAL IRRIGATION
MANAGERS, OPERATIONS MANAGERS, PROJECT MANAGERS,
PROVINCIAL IRRIGATION ENGINEERS, IRRIGATION
SUPERINTENDENTS AND ALL OTHERS CONCERNED

SUBJECT : IMPLEMENTING GUIDELINES TO REPUBLIC ACT NO. 6978, "AN
ACT TO PROMOTE RURAL DEVELOPMENT BY PROVIDING FOR AN
ACCELERATED PROGRAM WITHIN A TEN-YEAR PERIOD FOR THE
CONSTRUCTION OF IRRIGATION PROJECTS"

The following guidelines shall apply in the selection and implementation of projects, operation and maintenance of systems and carrying out complementary activities in irrigation development and management as mandated under R.A. 6978:

1. Implementing guidelines
2. Annex A - NIA Criteria in Rating National irrigation Projects,
3. Annex B - NIA Criteria in Rating Multi-Purpose Projects
4. Annex C - M.C. No. 63, series of 1990, "Basic Criteria for Selection of Communal Irrigation Projects"
5. Annex D - Criteria and Weights for the Prioritization of Capital Assistance Projects
6. Annex E - M.C. No. 27, series of 1991, "Cost Recovery Scheme and Other Pertinent Guidelines for CIP"
7. Annex F - M.C. No. 31, series of 1991, "Policy Guidelines for the O&M of Small Reservoir-Type Irrigation Systems"

For your guidance.


JOSE B. DEL ROSARIO, JR.
Administrator

May 20, 1991

MC # 44 s 1991

MEMORANDUM FOR THE DIRECTOR

TO : THE DEPUTY ADMINISTRATOR, ASSISTANT ADMINISTRATOR,
DEPARTMENT MANAGERS, STAFF HEADS, REGIONAL IRRIGATION
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For your guidance.

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

May 22, 1991

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1. FORMULATION OF IRRIGATION DEVELOPMENT

1.1 Project Identification and Feasibility Study

1.1.1 The Regional Irrigation Offices (RIO) and Provincial Irrigation Offices (PIO) shall identify the potential areas for irrigation development in their respective jurisdictions. Potential projects shall be grouped into either "National" or "Communal" categories; classified into types as reservoir (large multi-purpose and small reservoir irrigation project or SRIP), diversion or pump schemes.

1.1.2 The RIO shall submit the consolidated inventory of potential projects in the regions to the Communal Irrigation Development Department (CIDD) within two months from the issuance of these guidelines. The inventory will be updated annually by the RIO/PIO.

1.1.3 Potential national irrigation projects (NIP) shall be forwarded by CIDD to the Project Development Department (PDD) for investigation and project formulation.

1.1.4 Feasibility Studies of NIP shall be undertaken by PDD; whereas feasibility studies of communal irrigation projects (CIP) shall be by CIDD, both involving the RIO/PIO. PDD shall assist CIDD whenever necessary.

1.1.5 The Project Development and Implementation (PDI) Sector shall assist the Systems Operation and Equipment Management (SOEM) Sector in planning and design of major facilities.

1.2 Prioritization of Projects

1.2.1 The RIO/PIO shall prepare, update, and submit annually (by June) to CIDD a priority listing of projects in the Region/Province. This should be prepared in consultation with the Local Government Units (LGU) and Municipal, Provincial, and Regional Development Councils (RDC). The Regional Irrigation Manager or his designated representative in the region, province (Provincial Irrigation Engineer or Irrigation Superintendent) or municipality shall represent NIA in

the regional, provincial and municipal planning exercises. Endorsement of the priority projects by the beneficiaries, LGU and RDC will be necessary to support the projects in securing funding support.

1.2.2 The Irrigation Development Plan (IDP) shall, likewise, consider the priorities of the Department of Agriculture (DA). A joint annual planning exercise with DA shall be carried out before finalizing the IDP. The group constituted to represent NIA in this planning exercise will be composed of the Assistant Administrator for PDI and Managers of the Project Development Department, Systems Management Department, Communal Irrigation Development Department, Corporate Planning Staff (CORPLAN) and other senior officials to be designated by the Administrator as necessary.

1.2.3 The following criteria and guidelines shall be considered in prioritizing the projects.

Priority shall be given to the following:

- (1) Beneficiaries of the Comprehensive Agrarian Reform Program;
- (2) Members of the indigenous cultural communities;
- (3) Beneficiaries in areas where there are farmer-irrigators associations; and
- (4) Beneficiaries in fifth and sixth class municipalities.

1.2.4 The development of CIP shall be emphasized; 50 percent of the funds to be provided under the law shall be for CIP (Section 3(b)). CORPLAN and PDD shall coordinate in planning the projects to maintain the balance between NIP and CIP.

1.2.5 The irrigation projects must be equitably distributed among the provinces and municipalities giving priority to those provinces and municipalities without any irrigation system (Section 3(d)) or with lower levels of irrigation development.

1.2.6 Priority shall also be accorded to areas with social and economic problems taking into consideration population, area served, project cost and other economic and environmental factors as may be deemed necessary in undertaking the program within the context of the national development plans (Section 2).

1.2.7 In applying the above, reference shall be made to the existing criteria in ranking NIP and CIP used by the NIA and the National Economic and Development Authority (NEDA) as follows:

- (1) NIA Criteria in Rating National Irrigation Projects (Annex A)
- (2) NIA Criteria in Rating Multi-Purpose Projects (Annex B)
- (3) Memorandum Circular No. 63 series of 1990, "Basic Criteria for Selection of Communal Irrigation Projects (Annex C)
- (4) Criteria and Weights for the Prioritization of Capital Assistance Projects (Annex D)

1.2.8 Inconsistencies or deficiencies in the existing criteria shall be superseded or supplemented, respectively, by the criterion herein stated.

1.3 Project Preparation and Packaging

1.3.1 The Project Development Department shall be responsible in the preparation of requirements for projects that need NEDA-Investment Coordinating Committee evaluation. These include, among others, the following:

- (1) RDC endorsement for region-based projects;
- (2) Department of Budget and Management (DBM) review and clearance for the purpose of counterpart budgetary appropriations;
- (3) Government Corporate Monitoring and Coordination Committee clearance for projects of government-owned and controlled corporations;
- (4) Environmental Management Bureau clearance for environmentally critical areas.

1.3.2 CORRELAN shall prepare the medium and long term plans in coordination with concerned units.

2. IMPLEMENTATION

2.1 National Irrigation Projects

2.1.1 The implementation of NIP shall be under the guidance of and monitored by the FDI Sector in accordance with existing policies, rules and regulations.

2.2 Communal Irrigation Projects

2.2.1 The implementation of CIP shall be under the guidance of and monitored by the SOEM Sector in accordance with existing policies, rules and regulations.

2.3 Private Irrigation Systems

2.3.1 The NIA shall continue to assist private individuals or groups in the development of private irrigation systems (PIS). These systems are those without funding assistance from Government for construction and operation and maintenance (O&M). The RIO/PIO shall extend technical assistance to such individuals or groups whenever necessary. They shall, likewise, monitor the development and O&M of PIS.

3. OPERATION AND MAINTENANCE

3.1 National Irrigation Systems (NIS)

3.1.1 NIA shall operate and maintain the NIS under existing policies, rules and regulations.

3.1.2 The turnover program shall be pursued wherein portions or whole of the NIS shall be transferred to organized irrigators' associations (IA) who shall operate and manage the system under contract arrangements, in accordance with existing policies, rules and regulations.

3.1.3 NIA shall collect irrigation service fees at the present rates or at the new rates that may be approved in the future.

3.2 Communal Irrigation Systems (CIS)

3.2.1 The CIS shall be turned over to IAs which shall operate and manage the system. The existing repayment scheme/policies on projects completed and turned over to the IA before 1992 shall remain in force. NIA shall assist the associations in undertaking major repairs or improvements of the system beyond the capability of the association. The cost of repair shall be borne by the farmer-beneficiaries. Should NIA provide funds for repair or improvement, the cost for the work shall be considered as a new loan to be added to the old loan of the IA, if any. The old loan shall then be restructured and new amortization schedule determined in accordance with existing policies, rules and regulations.

3.2.2 Projects to be implemented with funds drawn from the proceeds of RA 6978 (beginning 1992) shall be paid by the farmer-beneficiaries at 50 percent of the project cost without interest for a period not exceeding 50 years. Payment can begin during project investigation and construction in the form of equity contributions. This include labor participation during investigation, surveys and construction, supplies, materials and cash, subject to existing policies.

3.2.3 Until further modified or superseded, the existing rules and regulations under the following Memorandum Circulars shall remain in force:

MC No. 27, s. 1991. Cost Recovery Scheme and Other Pertinent Guidelines for CIP (Annex E)

MC No. 31, s. 1991. Policy Guidelines for the O&M of Small Reservoir-Type Irrigation Systems (Annex F).

4. IA DEVELOPMENT AND FARMERS' PARTICIPATION

4.1 The Institutional Development Department (IDD) shall pursue the organization and training of farmer-beneficiaries in both the NIS and CIS. The trainings shall be aimed to equip the farmers with skills needed for their involvement in irrigation development and management.

4.2 The participation of the farmers, through the IA, in planning, construction, and O&M shall likewise be encouraged (Section 3(e)).

5. FUNDING

5.1 Fund requirements for the on-going projects shall continue to be allocated under the annual General Appropriations Act.

5.2 CORPLAN shall issue the guidelines, coordinate the budget preparation and consolidate the overall program and annual funding requirements to be submitted to DBM for inclusion in the GAA.

5.3 Other sources of funds to augment GAA allocations shall be explored. Such funds may include grants and concessional loans under the Philippine Aid Program and other sources.

REPUBLIC OF THE PHILIPPINES
NATIONAL IRRIGATION ADMINISTRATION
PROJECT DEVELOPMENT DEPARTMENT
QUEZON CITY

CRITERIA IN RATING PROPOSED NATIONAL IRRIGATION PROJECTS

A. TECHNICAL FEASIBILITY (40 points)

1. Water Resources (25 points)

- a. Project Irrigation Intensity: 180 - 200 percent = 15 points
 150 - 180 percent = 12 points
 120 - 150 percent = 9 points
 100 - 120 percent = 6 points
- b. Period of Available Streamflow Record: more than 5 years = 5 points
 2 - 5 years = 3 points
 less than 2 years = 2 points
 none = 0
- c. Adequacy of Rainfall for Wet Season Crop: less than 80% = 5 points
 80 - 100% = 3 points
 100% adequate = 2 points

2. Land Resources (15 points)

- a. Present Land Use: Rainfed - Cultivated = 5 points
 Irrigated = 4 points
 Rainfed - Uncultivated = 3 points
- b. Land Classification: More than 80% of Area Class 1 = 10 points
 More than 80% of Area Class 2 = 8 points
 More than 80% of Area Class 3 = 5 points

B. SOCIAL AND ECONOMIC FEASIBILITY (50 points)

1. Average Size of Farm: less than one hectare = 10 points
 between 1 - 3 hectares = 8 points
 more than 3 hectares = 6 points
2. Present Per Capita Income:
 (In the project area) + 20% below national average = 10 points
 within + 20% of national average = 8 points
 + 20% above national average = 6 points

3. Provincial rice self-sufficiency:

less than 80%	= 5 poi
80 - 100%	= 4 poi
above 100% sufficiency	= 3 poi

4. Project Internal Rate of Return:

above 25%	= 25 point
22 - 25%	= 22 point
19 - 22%	= 19 points
16 - 19%	= 16 points
13 - 16%	= 13 points
10 - 13%	= 10 points
below 10%	= 7 points

C. OTHER FACTORS (10 points)

1. Project Functions:	Multi-purpose	= 6 points
	Single-purpose	= 2 points
2. Environmental Impact:	Insignificant Adversity	= 2 points
	Significant Adversity	= 0
3. Endorsement of Project by Beneficiaries:	80 - 100%	= 2 points
	60 - 80%	= 1 point
	below 60%	= 0

RATING CLASSIFICATION

91 - 100 points	: A. Exceptionally good project, very feasible, highly recommended for immediate implementation.
81 - 90 points	: B. Very good project, very feasible, implementation recommended.
71 - 80 points	: C. Average project, feasible, merits consideration for implementation.
61 - 70 points	: D. Fair project, merits consideration for implementation at a later stage with improved agro-economic conditions.
51 - 60 points	: E. Marginal project, feasibility doubtful; requires further reformulation and detailed studies.
50 Points and less	: F. Project not feasible, not recommended for implementation.

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RATING OF MULTI-PURPOSE PROJECTS

FACTORS	MAXIMUM POINTS
A. <u>Technical Feasibility</u>	(21)
1. Project Components	16
2. Cropping Intensity	5
B. <u>Social, Economic and Financial Feasibility</u>	(66)
1. Level of Development	5
2. Per Capita Income in Project Area	5
3. Population Density	5
4. Rice Supply and Demand	6
5. Internal Rate of Return	20
6. Development Cost per Hectare	15
7. O & M Cost/Ha.	10
C. <u>Other Factors</u>	(13)
1. Reservoir Resettlement Requirements	7
2. Other Environmental Impacts	3
3. Acceptability of the Project by the Proposed Beneficiary	3
T O T A L	100

Annex B

Republic of the Philippines
PAMBANSANG PANGASIWAAN NG PATUBIG
(NATIONAL IRRIGATION ADMINISTRATION)
EDSA, DILIMAN, QUEZON CITY

CRITERIA IN RATING MULTI-PURPOSE PROJECTS

A. TECHNICAL FEASIBILITY (21 points)

1. Project Components (16 Points)

Irrigation (Major)	- 6 Points
(Minor)	- 3 Points
Power	
Above 250 MW	- 4.0 Points
200 - 250 MW	- 3.6 Points
150 - 200 MW	- 3.2 Points
120 - 150 MW	- 2.8 Points
90 - 120 MW	- 2.4 Points
90 - 90 MW	- 2.0 Points
50 - 70 MW	- 1.6 Points
30 - 50 MW	- 1.2 Points
10 - 30 MW	- 0.8 Points
Below 10 MW	- 0.4 Points
Flood Control (Major)	- 2 Points
(Minor)	- 1 Point
(None)	- 0
Water Supply (Major)	- 2 Points
(Minor)	- 1 Point
(None)	- 0
Others (Included in Project Design)	- 2 Points

2. Cropping Intensity (5 Points)

200% and above	- 5 Points
180% - 199%	- 4 Points
160% - 179%	- 3 Points
140% - 159%	- 2 Points
below 140%	- 1 Point

B. SOCIAL, ECONOMIC AND FINANCIAL FEASIBILITY (66 Points)1. Level of Irrigation Development of the Region
Percent Irrigated (5 Points)

Less than 20%	- 5 Points
Between 20% to 30%	- 4 Points
Between 30% to 40%	- 3 Points
Between 40% to 50%	- 2 Points
Above 50%	- 1 Point

2. Present Per Capita Income in the Project Area (5 Points)

More than 20% below national average	- 5.0 Points
16% - 20% below national average	- 4.5 Points
11% - 15% below national average	- 4.0 Points
6% - 10% below national average	- 3.5 Points
1% - 5% below national average	- 3.0 Points
Approximately equal to the national average	- 2.5 Points
1% - 5% above national average	- 2.0 Points
6% - 10% above national average	- 1.5 Points
11% - 15% above national average	- 1.0 Points
16% - 20% above national average	- 0.5 Points
More than 20% above national average	- 0 Point

3. Population Density of Project Area (5 Points)

More than 20% above national average	- 5.0 Points
16% - 20% above national average	- 4.5 Points
11% - 15% above national average	- 4.0 Points
6% - 10% above national average	- 3.5 Points
1% - 5% above national average	- 3.0 Points
Approximately equal to the national average	- 2.5 Points
1% - 5% below national average	- 2.0 Points
6% - 10% below national average	- 1.5 Points
11% - 15% below national average	- 1.0 Point
16% - 20% below national average	- 0.5 Point
More than 20% below national average	- 0 Point

4. Rice Supply and Demand (8 Points)

	<u>Provincial</u>
More than 25% Deficit	- 3.0 Points
21% - 25% Deficit	- 2.6 Points
16% - 20% Deficit	- 2.2 Points
11% - 15% Deficit	- 1.8 Points
6% - 10% Deficit	- 1.4 Points
1% - 5% Deficit	- 1.0 Point
Supply is about equal to Demand	- 0.6 Point
1% - 10% Surplus	- 0.3 Point
More than 10% Surplus	- 0 Point

More than 25% Deficit	- <u>Regional</u> 3.0 Point
21% - 25% Deficit	- 2.6 Points
16% - 20% Deficit	- 2.2 Points
11% - 15% Deficit	- 1.8 Points
6% - 10% Deficit	- 1.4 Points
1% - 5% Deficit	- 1.0 Points
Supply is about equal to Demand	- 0.6 Points
1% - 10% Surplus	- 0.3 Point
More than 10% Surplus	- 0 Point

5. Internal Rate of Return (20 Points)

a. Irrigation Component (12 Points)

Above 20%	- 12.0 Points
18 - 19%	- 10.5 Points
16 - 17%	- 9.0 Points
14 - 15%	- 7.5 Points
12 - 13%	- 6.0 Points
10 - 11%	- 4.5 Points
Below 10%	- 3.0 Points

b. Whole Project (8 Points)

Above 15%	- 8.0 Points
14 - 15%	- 6.5 Points
12 - 13%	- 5.0 Points
10 - 11%	- 3.5 Points
Below 10%	- 2.0 Points

Annex B

6. Development Cost for Irrigation ^{a/} (Including allocated cost from dam) (15 Points)

Below P20,000/ha	- 15.0 Points
P20,000 - P30,000/ha	- 13.5 Points
P30,000 - P40,000/ha	- 12.0 Points
P40,000 - P50,000/ha	- 10.5 Points
P50,000 - P60,000/ha	- 9.0 Points
P60,000 - P70,000/ha	- 7.5 Points
P70,000 - P80,000/ha	- 6.0 Points
P80,000 - P90,000/ha	- 4.5 Points
P90,000 - P100,000/ha	- 3.0 Points
More than P100,000/ha	- 1.5 Points

7. O & M Cost Per Ha. (Including Dam O & M) (10 Points) (January 1982 Price levels)

Below P300	- 10 Points
301 - 350	- 9 Points
351 - 400	- 8 Points
401 - 450	- 7 Points
451 - 500	- 6 Points
501 - 550	- 5 Points
551 - 600	- 4 Points
601 - 650	- 3 Points
651 - 700	- 2 Points
701 - 750	- 1 Point
More than 750	- 0 Point

C. OTHER FACTORS (13 Points)

1. Reservoir Resettlement Requirements (7 Points)

- a. Practically no relocation of people involved - 7.0 point
- b. With relocation of less than 50 families - 6.0 point

a/ Cost Estimates based on January 1982 unit prices

Annex

- c. Involving resettlement of 51 - 100 families - 5.0 Points
- d. Involving resettlement of 101 - 200 families - 4.0 Points
- e. Involving resettlement of 201 - 300 families - 3.0 Points
- f. Involving resettlement of 301 - 400 families - 2.0 Points
- g. Involving resettlement of 401 - 500 families - 1.0 Point
- h. More than 500 families - 0 Point
- 2. Other Environmental Impacts (3 Points)
 - a. No adverse impact - 3.0 Points
 - b. With insignificant adverse impact - 2.0 Points
 - c. With significant adverse impact - 1.0 Point
- 3. Acceptability of the Project by the Proposed Beneficiaries (3 Points)
 - a. Highly acceptable - 3.0 Points
 - b. Average acceptability - 2.0 Points
 - c. Doubtful acceptability - 1.0 Point
 - d. Unacceptable - 0 Point

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

MC # 63, s. 1990

MEMORANDUM CIRCULAR

T O : The Regional Irrigation Managers, Provincial
Irrigation Engineers, Project Managers of CARP-IC
and CIDP-CIDIP and other Communal Projects
All others concerned

SUBJECT : BASIC CRITERIA FOR SELECTION OF COMMUNAL IRRIGATION
PROJECTS

Effective January 1991, all communal irrigation projects/
systems proposed for implementation should pass the selection
criteria as outlined in accompanying pages. The adoption of
these criteria will enable everybody concerned to observe
uniform basis in screening of projects regardless of funding
sources.

Previous memoranda inconsistent with this one are superseded
and considered revoked.

For compliance.

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

September 6, 1990

BASIC GUIDELINES IN PROJECT SELECTION

1. Minimum Selection Criteria

- (a) The expected cropping intensity should be at least 130% based on the net irrigable area as estimated during feasibility level. A guideline in net area estimation is shown as Annex 1.
- (b) The proposed irrigation system area should have soils and slopes suitable for irrigated crop production.
- (c) There should be no conversion of land use from productive permanent crops like coconuts and orchards.
- (d) The smallest scheme should serve at least 20 farmers and the largest farmer-managed scheme would be not more than 700 ha. IAs with systems larger than 700 ha will be required to engage full-time professional management. No scheme would be larger than 1,000 ha.
- (e) The average farm size in a scheme should be not more than 5 ha.
- (f) Farmers should be actively involved in preparing their irrigation project, and should concur with its initial feasibility design.
- (g) Average irrigation development cost for each package of schemes considered at any time (say, one year program for each PID) should not exceed P 18,000/ha for rehabilitation work and P 35,000/ha for new construction. Subject to this average per ha cost, ceilings of P 35,000/ha for rehabilitation work and P 70,000/ha for new construction may be considered. Exceptions to this criterion would be systems in areas suitable for high value crops, for which ceilings of P 55,00/ha for rehabilitation work and P 100,000/ha for new construction would apply, provided the average costs are maintained as stipulated earlier (all at 1990 prices).
- (h) The average economic internal rate of return (EIRR) of each of the above mentioned packages of scheme should be not less than 10%.

2. Explanation and Mechanism

- (a) In general an average of at least 130% cropping intensity is needed for a farmer to live at threshold income level.

Statistics per region related to cropping intensity against threshold income is shown in Table 1.

The net irrigable area following the guideline in Annex 1 will be adopted in designing project scheme and computation of FOL. Hence a realistic area estimate is very necessary.

Cropping intensity is computed by adding the expected irrigable/irrigated area in wet and dry seasons divided by the net irrigable area (based on the above area estimation).

- (b) Soils and slopes are basic considerations in project design. Soil type must be suitably good for irrigated rice, and other cash crops production. Medium to heavy soils are generally required for rice production at a reasonable average slopes (say not more than 15%). Loose soils may be developed for both rice and diversified crops subject to availability of water. In other words, given a suitable type and land grade (slope), crops other than rice are therefore considered in computation of cropping intensity.
 - (c) Strictly land with productive permanent crops are to be dropped from selection. In some cases however, the farms with permanent crops should be deducted from gross area proposed for development.
 - (d) The lower limit of area with at least 20 farmers would expand the reach of irrigation development to smaller and more remote schemes as well as to smaller group of farmers which would be relatively easier to organize into stable IAs. On the other hand, large area with more than 700 ha would take time to develop the farms and the system as a whole without full assistance of NIA and management of competent IA leaders. Professional managers would come from the IA management.
- Inasmuch as communal schemes are classified as those with area of not more than 1,000 ha, the upper limit would be 1,000 ha more or less.
- (e) In consideration with new schemes and those found in remote provinces, the average farm size per scheme should not be more than 5 ha.
 - (f) One of the functions of the PIO in involving the farmer-beneficiaries at design stage is to get their concurrence (at least 90% of total beneficiaries) to develop the subproject considering the net area, plans of diversion and distribution, and cost.

Table 1. ESTIMATED CROPPING INTENSITY OF CIS/DIP
AT POVERTY /ABOVE POVERTY THRESHOLD

=====									
Threshold : Above :		Cropping Intensity :				Cropping Intensity			
I T E M : Income 1_ / Poverty :		at Poverty Threshold :				Above Poverty			
: P/month : Income 2_ /:		-----				-----			
: 1988=100 :		: 1.5 ha : 2.0 ha : 3.0 ha :				1.5 ha : 2.0 ha : 3.0 ha			
=====									
Phil	:	2,709 :	3,386 :	77 :	141 :	105 :	213 :	168 :	123
Region 1:	:	2,597 :	3,246 :	171 :	136 :	102 :	206 :	162 :	119
2 :	:	2,576 :	3,220 :	170 :	136 :	101 :	204 :	161 :	118
3 :	:	2,881 :	3,601 :	186 :	148 :	109 :	225 :	177 :	129
4 :	:	2,832 :	3,540 :	184 :	146 :	108 :	221 :	174 :	127
5 :	:	2,443 :	3,054 :	163 :	130 :	98 :	195 :	155 :	114
6 :	:	2,654 :	3,318 :	174 :	139 :	103 :	209 :	165 :	121
7 :	:	2,173 :	2,716 :	148 :	119 :	90 :	177 :	141 :	105
8 :	:	2,249 :	2,829 :	153 :	123 :	93 :	183 :	146 :	108
9 :	:	2,289 :	2,861 :	155 :	124 :	94 :	185 :	147 :	109
10 :	:	2,439 :	3,049 :	163 :	130 :	98 :	195 :	154 :	114
11 :	:	2,763 :	3,454 :	180 :	143 :	106 :	217 :	171 :	125
12 :	:	2,468 :	3,085 :	164 :	131 :	98 :	197 :	156 :	115

1_ Minimum average monthly income that a family of 6 members
should receive to be considered above poverty, source: CORPLAN

2_ At about 20% above threshold

Subproject with ROW problems (especially at the upstream up to mid-stream) may not be given priority in development unless the farmers negotiated deed of donation.

(g) At price index of 1990, sample computation of average development cost for a package of subprojects and allowable ceilings area presented as follows:

Province of Ilocos Norte CY-1991 CIDP/CIDIP Projects

=====				
	: Net :	Overall :	Per ha :	
Name of Subprojects	: area :	Program :	Cost, P000 :	R E M A R K S
	: (ha) :	P000 :		

<u>CIP</u>				
1. Sales CIP	25	2,500	100	upper limit for subproject w/ high high value crops
2. Piddeng CIP	75	5,250	70	ceiling for rice producing scheme, CIDP
3. Tartarabang CIP	100	1,000	10	
4. Baay CIP	200	2,500	13	
5. Bacarra	250	4,500	18	
Sub-total	650	15,750	24	accepted
 <u>CIS</u> (including carry-over scheme)				
6. Maki CIS	35	1,925	55	with high value crops
7. Upi CIS	50	1,750	35	ceiling for CIS
8. Bakod CIS	80	1,000	13	
9. Bulod CIS	100	1,000	10	
10. Burnay CIS	200	1,500	14	
Sub-total	465	7,175	15	accepted
=====				

The average and ceilings of irrigation development cost may be revised in every five years in consideration with price escalation and effects of inflation.

- (h) Each subproject should have at least 10% EIRR. In situations where the average family income falls below one-half of the national poverty income level (refer to Table 1) an EIRR threshold of 5% may be adopted, subject to the overall project EIRR threshold and that for each above mentioned package of schemes being maintained at no less than 10%.

Sample Computation of Average EIRR

Name of Subproject : Area : EIRR : R E M A R K S			
1.	Sales CIP	25	10
2.	Piddeng CIP	75	5 with very low per capita income
3.	Tartarabang CIP	100	25
4.	Baay CIP	200	30
5.	Bacarra CIP	250	15
6.	Maki CIS	35	12
7.	Upi CIS	50	with very low per capita income
8.	Bakod CIS	60	20
9.	Bulod CIS	75	18
10.	Burnay CIS	105	22
	Total	975	-
	Average	-	19 accepted

Formula:

$$\begin{aligned}
 \text{Weighted average, EIRR} &= (25(10) + 75(5) + \dots + 75(18) + \\
 &\quad 105(22)) / 975 \\
 &= 18.979\% \\
 &= 19\%
 \end{aligned}$$

ESTIMATION OF AREA AT FEASIBILITY LEVEL

DEFINITIONColumn 1 - Gross Area

It refers to the total area identified within the boundary using military map, cadastral survey map, land use map or actual survey, if any.

Column 2 - Permanently Unirrigated Area

This includes permanent cropland such as those strictly for coconut, orchard; other area such as residential, road networks, depressions and large waterways, highland/pastureland that are not suitable for irrigated crops, permanently waterlogged area, and the like.

Column 3 - Currently Irrigated/Irrigable

Currently irrigated means the area actually irrigated either by pump or gravity. Currently irrigable means the area that are not presently irrigated but can be covered by the scheme if facilities are be provided/repaired without substantial land development.

Column 4 - Additional Potential

It refers to adjacent area which can be covered by extending water distribution canals and provision of facilities. Farms which can be developed by mechanical/manual grading/terracing can be included in this category.

Column 5 - Total Available For Irrigation

It is the sum of Columns 3 and 4 using all the available information from maps, surveys, etc.

Column 6 - Corrected Total Area

This will become the net area for irrigation after deducting further some areas which could not be possibly covered in Column 5. To arrive at the corrected multiplier(k_1), consider the past experience in the province whereby the program area is lower by so many percentage when compared to actual area irrigated or the actual area irrigated when fully land developed. Excluding the area to be left idle by farmers and the area to be occupied by main canals, the percentage of area that can realistically covered by irrigation over a period of time can be estimated. This may range from 80-90 percent of column 5, more or less.

There is another method of arriving at correction factor (k_1) that can be used in Column 1. Over a period of say 5 years after completion of projects, the service area reduction can be assessed per project per province. Getting the average percentage reduction (actual area irrigated vs. service area at project preparation), for several projects Column 1 can be multiplied by correction factor to get the corrected total available for irrigation. Based on preliminary evaluation of completed projects correction factor is within the region of 60-90 percent.

Column 1-6 are estimates of area independent of water source.

Column 7 - Area Irrigable Based on Water Availability

In this column, area estimation will be based on water availability. Average water discharge as defined, is the average of so many observations in one month or in one year. Dependable water supply is the amount of discharge that can be utilized considering the occurrence of drought or low-water-availability, say one occurrence in every five (5) years.

Estimation of area based on dependable water supply, climate and rainfall and crop water requirement can be done to arrive at a more realistic figure. This exercise was part of the seminar-workshop provided to all PIO staff by CIDP and PDD personnel. Resulting net/smallest area could still be multiplied by correction factor k_2 .

k_2 refers to reduction of flow over a certain period (more than 5 years). As monitored k_2 based on completed CIDP 1 could be 70-90 percent.

Column 8 - Design Service Area

Use the area in either Column 6 or Column 7, whichever is lower.

Column 9 - Firmed-up-Area

Firmed-up area can be monitored from time to time especially at O&M stage.

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CRITERIA AND WEIGHTS FOR THE PRIORITIZATION OF CAPITAL ASSISTANCE PROJECTS

CRITERIA/SUB-CRITERIA	WEIGHTS (%)
A. <u>ECONOMIC DESIRABILITY</u>	26%
1. Economic profitability (internal rate of return or benefit-cost ratio)	17%
2. Generation of employment opportunities	16
3. Strengthening and diversification of the rural sector	10
4. Generation of net foreign exchange	10
5. Impact on sectoral targets and objectives (production level, growth rate, productivity)	10
6. Increase in income levels of target clientele	13
7. Relative strength of forward and backward linkage	7
8. Judicious use of local resources; i.e., that which protects the environment and maintains ecological balance	10
9. Promote appropriate technology (i.e., low-cost and indigenous)	7
TOTAL (for Criteria A)	<u>100%</u>

B. PROJECT COST AND FINANCING

1. Project has revenue generating capability	28%
2. Project does not require excessive budgetary counterpart	23
3. Project is cost effective	30
4. Project has high potential for grant financing	19
TOTAL (for Criterion B)	<u>100%</u>

C. SOCIAL DESIRABILITY

1. Target beneficiaries are the socio-economically depressed and priority groups	16%
2. Promotion of active popular grassroots participation in order to: -strengthen local capabilities -encourage self-reliance	11
3. Strengthening/improvement of institutional capabilities especially at the local levels in support of decentralization and linkages at the community level	10
4. Improvement in the level and quality of community services	11
5. Development of the full potential of human resources in terms of health, education, and skills, and its effective harnessing thru productive employment	12
6. Promotion of a healthy political climate and a stable social environment (peace and order, industrial peace and harmony, discipline, etc.)	10
7. Fulfillment of the basic needs of target beneficiaries	12
8. Promotion of a more equitable distribution of income and wealth	12

9. Facilitate transition to stable demographic conditions, i.e. trends in level and age composition of population that could be supported and sustained by available resources.

TOTAL (for Criterion C)

6
100%

D. REGIONAL GROWTH AND DISPERSAL

19%

1. Relative impact on regional growth and overall economic performance, i.e., consistency and support to regional thrusts and strategies
2. Relative impact on regional dispersal and inter-regional disparity through improvement in the distribution of scarce resources
3. Relative impact in reducing intra-regional disparity
4. Promotion of regional cohesiveness and intra-regional business linkages (regional integration)
5. Relative absorptive capacity of the region to benefit from increased investment

26%

22

17

17

18

TOTAL (for Criterion D)

100%

E. INSTITUTIONAL CONSIDERATIONS

14%

1. Agency has absorptive capacity (financial, manpower, organizational/institutional capability, resource mobilization).
2. Agency has appropriate mandate/authority to carry out the project
3. Institutional arrangements for implementation and operation are appropriate and consistent with government policies

28%

25

23

4. Provisions of arrangements/linkages to encourage the private sector to contribute inputs/suggestions (i.e., innovative arrangements) to project implementation

TOTAL (for Criterion E)

24

100%

GRAND TOTAL (ALL CRITERIA)

100%

Criteria and Point System For Ranking Proposed ProjectsECONOMIC DESIRABILITYPOINT SCORE1. Economic ProfitabilityEconomic Profitability (EIRR, B/C)

EIRR > 50%	10
EIRR > 40 - 49%	9
EIRR > 30 - 39%	8
EIRR > 20 - 29%	7
EIRR > 15% - 19%	6
EIRR > 10% - 14%	4
No estimate of EIRR (GOOD POTENTIAL)	4
No estimate of EIRR (FAIR POTENTIAL)	3
No estimate of EIRR (POOR POTENTIAL)	1

Scoring

Projects are scored based on only one of the above categories. Where there is no estimate of EIRR, add two points (+ 2) in case the project has positive externalities.

POSITIVE EXTERNALITIES

+2

2. Generation of Employment Opportunities

a. Labor component > 50% of total project cost	4
Labor component > 40%-49% of TPC	3
Labor component > 30%-39% of TPC	2
b. Project utilizes labor based techniques in construction or labor-intensive production methods	2
c. Project directly supports and promotes employment generation and marketing facilities	4
Project indirectly supports employment generation	3

Project has little impact on
employment/generation

1

Scoring

Add point in case project meets more
than one of above categories a, b, and c.

3. Strengthening and Diversification of the Rural
Sector

- a. Project is located in a rural area or
directly benefits rural residents in
 - less developed areas (provinces) 5
 - the poorest 1/3 of the regions 3
 - rest of regions except NCR 1
- b. Project engaged in agro based or agro-
processing activities work
 - strong linkages among rural economic
activities 5
 - indirectly but positively influences
rural economic activities 3
 - marginally affects rural economic
activities of adjacent rural areas 1

Scoring

Add points in case project meets both of the
above categories a and b.

4. Generation of net foreign exchange

- a. Export revenue generating project
 - short gestating 10
 - long gestating 8
- b. Import substituting/saving project
 - short gestating 8
 - long gestating 6
- c. Indirectly generating foreign exchange
revenues 5
- d. Indirectly promoting foreign exchange
savings 4

- | | |
|---|---|
| e. Indirectly supportive of (a) and (b) | 4 |
| f. Marginal foreign exchange earnings/saving. | 1 |

Scoring

Projects are scored based on only one of the above categories

5. Impact on Sectoral Targets and Objectives

- | | |
|--|---|
| a. Increases output/production level of the priority sector (s) as well as related sectors similarly in the priority list for a certain area, region or province | |
| - significantly increases output | 4 |
| - fairly | 3 |
| - marginally | 1 |
| b. Enhances the growth rate of priority and related sectors in a certain area | |
| - Increase in growth is significant and sustainable | 3 |
| - Increase in growth is moderate and sustainable | 2 |
| - Growth rate of output is only maintained | 1 |
| c. Enhances the productivity levels and growth of priority and related sectors in a certain area | |
| - Improvement in productivity is significant and sustainable | 3 |
| - Improvement in productivity is moderate and sustainable | 2 |
| - Productivity levels maintained, no growth | 1 |

Scoring

Add points in case project meets more than one of the above categories a, b, and c.

6. Increase in Income Levels of Target Clientele

- a. Provides additional employment opportunities that augments incomes of project beneficiaries in both urban and rural areas
- b. Promote rural-based (agro-based, agro-processing) off-farm economic activities that increase farm incomes
- c. Facilitates transfer of appropriate technology to beneficiaries, that will enhance their future income potential
- d. Provides for increased demand for indigenous material and human resources thru their utilization and harnessing, thereby raising incomes to localities owning/controlling said resources
- e. Makes available cheap and useful public and community services (parks, artesian wells, health centers, etc.) that will reduce drain on family budgets of beneficiaries.

Scoring

Give 2 points for each of the above that is directly satisfied by the project and 1 point, if only indirectly satisfied.

7. Relative strength of forward and backward linkage

- a. Project operates along the major/dominant economic activity in the area. 3
- b. Project will be dependent on indigenous inputs that will be supplied by identified strong and priority sectors 3
- c. Project will provide material or input support to identified priority sector 2
- d. Project will encourage adoption of technology that enhances indigenization of sectors and local inter-sectoral dependence 2

Scoring

Add points in case project directly meets more than one of above categories a, b, c, and d. If only indirectly, add just one (1) point per category.

8. Judicious use of local resources

- a. Project objectives will be to restore ecological balance among resources degraded by relentless exploitation and/or install an effective environmental management system 10
- b. Local inputs or resources to be harnessed/utilized/exploited by the project will be a relatively small portion of total resources, thus posing no ecological danger 8
- c. Project while exploiting resources contains a plan to either minimize adverse environmental effect of or restore possible imbalances to be created by the project. 6
- d. Moderate risk of environmental degradation from the project. 2

Scoring

Projects are scored based on only one of above descriptive categories.

9. Promote appropriate technology

- a. Promotes transfer and dissemination of indigenous locally developed technology.
- b. Promotes transfer and dissemination of simple adoptable technology appropriate to local development needs
- c. Promotes transfer of advanced and sophisticated technology that is sustainable and within the country's technological transformation capacity
- d. Promotes technology that optimize the use of abundant indigenous resources (labor, minerals, crops, etc.)
- e. Promotes technology which is tailored to local human resource capability and in which the country has a strong potential competitive edge.

Fulfillment of any 3 conditions above	10
Any 2	8
Any 1	5
Indirectly fulfills any one	3
Marginally fulfills any one	1

PROJECT COST AND FINANCING

POINT

1. Project has revenue generating capability
 - a. Potential for attainment of financial surplus/profits 10
 - b. Potential for full recovery of investment and O & M cost. 8
 - c. Potential for full recovery of investment cost only. 6
 - d. Potential for full recovery of O & M cost only. 5
 - e. Potential for partial recovery of investment on O & M cost only 4
 - f. No revenue generating potential 2

Scoring

Projects are scored based on only one of the above descriptive categories

- 2. Project does not require excessive budgetary counterpart
 - a. Project is not likely to experience local cost overruns which have to be financed through additional government appropriation
 - highly unlikely 5
 - very unlikely 3
 - somewhat unlikely 1
 - b. O & M cost of the project
 - does not exceed 10% of investment cost 2
 - does not exceed 20% of investment cost 1
 - c. Percentage of government budgetary counterpart to total project cost
 - less than 10% of total project cost 3
 - less than 20% of total project cost 2
 - less than 40% of total project cost 1

Scoring

Add points in case project meets more than one of the above categories a, b, & c.

3. Project is cost effective

- a. Project can be considered as less expensive than two or more investment alternatives that will essentially realize the same benefits or 41-50%/31-40% less expensive than a similar alternative

4/3

Project can be considered as less expensive than another alternative that will essentially realize the same benefits or 21-30%/11-20% less expensive than a similar alternative

2/1

- b. Project cost is not sensitive to foreign exchange fluctuations

- short gestating (less than 2 years) and imported components less than 10%

3

- investment phase less than 3 years imported components less than 15%

2

- investment phase less than 5 years, and imported components less than 20%

1

- c. Project depends heavily on locally sourced inputs that are abundant and inexpensive

- heavily

3

- moderately

2

- slightly

1

Scoring

Add points in case project meets more than one of the above categories a, b, and c.

4. Project has high potential for grant financing

- a. Projects of this nature were previously financed.

- partially through grants

2

- completely through grants

3

- b. Projects of this nature are currently being financed thru grants in other countries (at similar levels of development)

2

c. Favorable indications from donors, about possible grant financing of the project

- indications obtained thru informal contacts of proponents with donors/implementors of similar projects 2
- indications obtained from official/formal government contacts with donors 3

d. Strong probability for donor's grant approval based on:

- donor's identifying the project to be within current or future priority areas 2
- donor's strong track record to provide the necessary technology/expertise to project execution 1

Scoring

Add points in case project meets more than one of the above categories a, b, c, and d.

SOCIAL DESIRABILITY

Points

1. Target beneficiaries are the socio-economically depressed and priority groups
 - a. Target beneficiaries belong to the lowest 30% of income earners or the beneficiaries are categorized/classified under the following groups: urban poor, industrial laborer, urban homeless, cultural communities, rural poor, landless farmers, farm laborers, sustenance fishermen, rebel returnees, women and children 5-10
 - b. Project only indirectly supportive of target beneficiaries 3
 - c. Project marginally supportive of identified depressed and priority groups 1

SCORING: Projects are scored based on only one of above descriptive categories

2. Promotion of active popular grassroots participation in order to:
 - strengthen local capabilities
 - encourage self-reliance
 - a. Project effectively involves local citizens in the identification and assessment of needs and on the planning, management and monitoring of project implementation
 - Extensive citizen participation 10
 - Moderate citizen participation 8
 - b. High incidence of citizen participation in the project
 - participation by 50% or more of total population in project influence area 10
 - participation by 20%-50% of total population in project influence area 8

- c. The potential for local beneficiaries to effectively continue, manage, and thereby prosper with the project, is high/ lower 8/3
- d. The response rate to awareness programs/ information campaigns re-project is high/ low 7/3
- e. Project only indirectly encourages participation 5
- f. Project offers marginal/limited participation of beneficiaries 1

Projects are scored based on only one of above descriptive categories

3. Strengthening/improvement of institutional capabilities especially at the local levels in support of decentralization and linkages at the community level.
 - a. Project positively influences nascent capacity of local units (re local government units, NGO's and civic and other groups) to conceptualize, design and implement programs at the local level
 - b. Increases the rate at which local units are consulted about matters affecting their constituencies.
 - c. Facilitates dialogues and consultations between national and local units concerning local, specific and broad national developments
 - d. Increases public awareness of the functions of local government and other local units
 - e. Project increases local units' potential for participatory planning and decision making processes
 - f. Project has strong potential to improve local units' turn-around time and the quality of their outputs.

Point System

- | | |
|---|----|
| 1. Attainment of any 4 of above indicators merits | 10 |
| 2. Attainment of any 3 of above indicators merits | 8 |
| 3. Attainment of any 2 of above indicators merits | 5 |
| 4. Attainment of any 1 of above indicators merits | 3 |
| 5. Project marginally supportive of capability-building efforts | 1 |
| 4. Improvement in the level and quality of community services | |
| a. Increase in the number of people served by public markets, public artesian wells, clinic/dispensary/health center, parks, playgrounds and other social and recreational facilities in the project influence area | |
| - By 50% more | 10 |
| - By 30%-49% more | 8 |
| - By less than 30% | 6 |
| b. Project facilitates access to abovementioned public facilities | 5 |
| c. Project indirectly upgrades the level and to a certain extent, quality of community services | 5 |
| d. Project marginally supports goal/objective | 1 |

SCORING: Projects are scored based on only one of the above descriptive categories

5. Development of the full potential of human resources in terms of health, education, and skills, and its effective harnessing thru productive employment.
 - a. Project contributes to better health and safety thru improvement in environmental sanitation or safety practices (waste management, water treatment, etc.)

- b. Project directly contributes to better health thru improved personal hygiene and effective health care and disease prevention practices.
- c. If project will directly result in the reduction of proportion of children who are under weight and undernourished.
- d. Positive change in literacy rate due to project; improved functional literacy of populace.
- e. Project contributes to formulation of programs for education and training responsive to development needs of the influence area.
- f. Project provides new knowledge and skills specific/relevant to local livelihood requirements (e.g., proper HYV use of farmers).

POINT SCORING

- The attainment of any 3 of the following indicators/measures across sub-sectors merits 10
- The attainment of any 2 merits 7
- The attainment of any 1 merit 5
- Where project indirectly (at best positively influence the goal) 3
- Where project marginally supports goal 1
- 6. Promotion of a healthy political climate and a stable social environment (peace and order, industrial peace and harmony discipline, etc.)
 - a. Project will contribute to reduction in the incidence of crime
 - b. Project will contribute to the reduction in accident incidence
 - c. Enhances peoples' confidence in the judicial system.
 - d. Reduction/decrease in incidence of strikes
 - e. Perceived reduction in the degree of influence/infiltration of subversive groups/elements

f. Perceived increased feeling of well-being and public confidence in law enforcement agencies

g. Enhances people's respect for law, leading to greater public discipline and order

Point Scoring

1. Attainment of any 4 merits 10
2. Attainment of any 3 merits 7
3. Attainment of any 2 merits 5
4. Attainment of one merit 3
5. Project indirectly contributes to goals 1
7. Fulfillment of the basic needs of target beneficiaries (food, clothing, shelter, education, protection, etc.)

(Measurement of degree of achievement/fulfillment of basic needs)

 - a. All-basic needs fulfilled 10
 - b. Most basic needs fulfilled 8
 - c. Some basic needs fulfilled 5
 - d. At least one identified basic need fulfilled 3
 - e. Project indirectly fulfills/paves way for fulfillment of basic needs 1
8. Promotion of a more equitable distribution of income and wealth
 - a. Project will directly enhance incomes/benefits accruing to lowest (30%) income families
 - b. Project will directly enhance incomes/benefits accruing to residents of less developed areas and/or poorest regions
 - c. Project will directly augment assets/wealth that will be placed under ownership and/or control of poor families (individually, or collectively, co-operatives or other associations)

- d. Project will directly reduce the number of families living below the poverty threshold.

POINT SCORING

Project which meets 3 of the above	10
Project which meets 2 of the above	7
Project which meets only one	5
Where project indirectly contributes to any of above	3
Where project has marginal support for any of above	1

9. Facilitate transition to stable demographic conditions, i.e. trends in level and age composition of population that could be supported and sustained by available resources
- a) Potential for providing employment opportunities to women
 - b) Potential for educating/informing couples regarding responsible parenthood, including family planning methods
 - c) Potential for enhancing employment opportunities in rural areas
 - d) Potential for enhancing the status of women that leads to increased independence in women's decisions re childbearing and career
 - e) Potential for providing opportunities for families to spend resources in improving the quality of life of each child, rather than investing on more children (i.e., more health/education expenditures per child)
 - f) Potential for upgrading material and career aspirations of both husband and wife

g) Potential for providing security at old age despite having less children

- | | |
|--|----|
| 1) Attainment of any 4 = | 10 |
| 2) Attainment of any 3 = | 8 |
| 3) Attainment of any 2 = | 6 |
| 4) Attainment of any 1 = | 4 |
| 5) Project indirectly supports achievement of goal | 3 |
| 6) Project marginally supports achievement of goal | 1 |

REGIONAL GROWTH AND DISPERSAL

POINT SCORE

1. Relative impact on regional growth and overall economic performance, i.e. consistency with and support to regional thrusts and strategies

a. Project has direct and immediate positive impact on production levels and output growth of any of the following: any one description met, 3 points

- rural based agro-processing industries
- off-farm activities
- other regional priority sectors/areas

b. Project triggers an increase in average productivity through the following: any one description met 3 points

- technological breakthrough along region's major economic activities
- technology transfer at the grassroots
- improvements in production and management arrangement along region's priority (major sectors)

c. Project contributes to creation of overall economic conditions favorable to regional growth and development through the following: any one description met, 4 points

- direct public services to low income groups
- improving infrastructure and equipment support to priority areas/sectors
- helping in the broad counter insurgency program

Scoring

If any of above requirements is met only indirectly, give 2 points

2. Relative impact on regional dispersal and inter-regional disparity through improvement in the distribution of scarce resource

- a. Project involves infrastructure and equipment support to lagging regions (bottom 30% of regions in terms of per capita RGDP) and/or less developed provinces.
- b. Project promotes investment and/or provides investment incentives to lagging regions and/or less developed provinces.
- c. Project promotes or facilitates decentralization of policy formulation and program/project implementation to the regional units.
- d. Project involves the upgrading of social infrastructure and basic services delivery to lagging regions and/or less developed provinces.

Scoring

If any 3 of the above are met, give	= 10 points
If any 2 of the above are met, give	= 8 points
If any 1 of the above is met, give	= 5 points
Indirectly of the above met	= 3 points
Marginally meets any of the above	= 1 point

3. Relative impact in reducing intra-regional disparity

- a. Project involves infrastructure support to relatively less developed areas in the region (i.e. far-flung rural areas, urban areas other than regional capital or provincial centers, and/or 4th-5th class towns in the region).
- b. Project promotes investment and/or provides investment incentives to relatively less developed areas in the region.
- c. Project involves upgrading of basic services delivery to relatively less developed areas in the region.
- d. Project helps attain basic minimum development for a lagging sector in a region, thus helping actual sectoral balance within, and across regions.

Scoring

- Any 3 of the above = 10 points
- Any 2 of the above = 8 points
- Any 1 of the above = 5 points
- Indirectly meets any of the above = 3 points
- Marginally meets any of the above = 1 point

4. Promotion of regional cohesiveness and intra-regional business linkages (regional integration)
- a. Project facilitates resources and commodities transfer among provinces in the region 2
 - b. Project facilitates resources and commodities transfer among neighboring regions 2
 - c. Project has inter provincial coverage 2
 - d. Project has inter-regional coverage 2
5. Relative absorptive capacity of the region to benefit from increased investment POINT SCORE RANGE
- a. Project builds up on existing agricultural and industrial capacity in the region 1-4
 - b. Project will tap available manpower, will require skills currently potentially available and will enhance employability of beneficiaries 1-3
 - c. Project does not strongly require installing new or complex organizational structures and management arrangements 1-3

Scoring: add points in case project meets more than one of the above categories.

INSTITUTIONAL CONSIDERATIONS

POINT SCORE
RANGE.

1. Agency absorptive capacity

Evaluate agency's past performance in implementing projects using the following criteria on a scale of 1-10

- a. Agency has good track record in terms of low slippage rate in previous projects 1-4
- b. Agency has good track record on funds disbursement (no delays, no anomalies, etc.) 1-2
- c. Agency has enough skilled technical personnel to handle technical aspects of project 1-2
- d. Agency has enough trained managers/administrators to ensure efficient project management 1-2

2. Agency has appropriate mandate/authority to carry out the project

- a. Specific provision(s) on the agency's enabling act explicitly mandating the conduct of the proposed project
- b. Specific government policy (Cabinet, NEDA Board directives, legislation, Plan Statement) vesting agency with authority to carry out the project.
- c. Scope/objectives of the proposed project is in line with the proponents' sectors/areas of responsibility, and/or functional objection.
- d. The agency has previously undertaken similar projects

If answer is Yes to

item (a)	-	3
item (b)	=	3
item (c)	-	2
item (d)	-	2

3. Institutional arrangements for implementation and operation are appropriate and consistent with government policies.

- a. There is fair amount of grassroots participation in the formulation, planning, implementation and monitoring of the proposed projects.
- b. Encourages substantial and effective utilization of resources (manpower, technical, and physical) at the sub-national levels consistent with decentralization
- c. Encourages capability building at the sub-national levels consistent with decentralization
- d. Coordination/linkages between the national, regional and sub-regional bodies that will lead to more effective project planning, and monitoring
- e. Specific organizational set-up for project execution and monitoring unit that are consistent with recent policies and laws of government

Give 2 points for each yes answer above.

- 4. Provision of arrangements/linkages to encourage the private sector to contribute inputs/suggestions to project implementations
 - a. Establishes channels for private sector participation (including NGO's) to the implementation and monitoring of proposed projects
 - b. Helps in establishing an environment conducive to enhancing private sector economic activities
 - c. Lessens the role of government in business (privatization)
 - d. Increases private sector participation in MTFIP and MTTAP
 - e. Encourages the ventilation of private sector views on issues affecting project formulation, planning, and implementation

Give 2 points for each yes answer above

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

Annex E

MC # 27, S. 1991

MEMORANDUM CIRCULAR

T O : THE DEPUTY ADMINISTRATOR, ASSISTANT ADMINISTRATORS,
DEPARTMENT MANAGERS, REGIONAL IRRIGATION MANAGERS,
PROVINCIAL IRRIGATION ENGINEERS, REGIONAL
ACCOUNTANTS AND ALL OTHERS CONCERNED
National Irrigation Administration

SUBJECT : COST RECOVERY SCHEMES AND OTHER PERTINENT
GUIDELINES FOR COMMUNAL IRRIGATION PROJECTS

For the guidance of all concerned it is hereby directed that the following cost recovery schemes and other guidelines adopted by the NIA Board of Directors under Resolution No. 6014-91, s. 1991 be strictly adhered to in the construction and/or rehabilitation of communal irrigation schemes under all sources of funding whether general appropriations, foreign loans or grants) and national irrigation systems that have been fully turned over to Irrigators Associations.

A. COST RECOVERY SCHEMES

SCHEME I. THIRTY PERCENT (30%) EQUITY PARTICIPATION

This arrangement could be availed of by the Irrigators Associations in place of the regular amortization of the chargeable cost under the following conditions:

- a. That the IA is willing and capable to raise within the construction/rehabilitation period its equity participation which is defined as the amount of money equivalent to THIRTY PERCENT (30%) of the chargeable cost.
- b. That the money value of the IA's equity participation may come from the following:
 - (i) The cost of labor valued at NIA rates furnished by the IA without payment from the NIA. The labor may be for the construction of diversion works, canals, farm ditches, drainage ditches, temporary field office, bodegas, conduct of surveys, taking and recording gage readings, security and guarding services, and similar works done by the IA on the project;

(ii) The cost of materials and supplies furnished by the IA, used in the project and without payment from NIA;

(iii) The cost of right-of-way for canals, diversion works, structures, or access roads negotiated and acquired by the IA either within or outside the service area of the project and without payment from NIA; and

(iv) Cash contributed by the Irrigators Association.

c. Where the IA agrees to contribute a portion of the wages of its members as its equity participation and it authorizes the PIO to withhold the amount from the payroll of the IA-members working on the project, 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 Copy	- IA President
Duplicate Copy	- Regional Accountant
Triplicate Copy	- PIO File Copy

The amount withheld shall be credited to Income Account, Account Code 59-200 and shall be transferred monthly to the Central Office through a reciprocal account.

d. If during the construction/rehabilitation period the required THIRTY PERCENT (30%) equity participation is not met, the IA shall be given a maximum grace period of one cropping season after project completion and turnover to raise the remaining amount. After the one cropping season grace period, whatever be the remaining amount which the IA was not able to settle shall be paid by the IA within the immediately succeeding season. However, this remaining amount of the IA's equity participation shall be subjected to a maximum interest of ONE PERCENT (1%) PER MONTH. If after the two succeeding cropping seasons the IA was not able to put up completely the required equity participation, then Scheme II shall be adopted - that is the IA will amortize the remaining balance of construction/rehabilitation cost which is net of the total chargeable cost and the total equity which the IA was able to raise (Amount to be Amortized = Total Chargeable Cost - Total Equity Raised).

SCHEME II. AMORTIZATION OF THE CHARGEABLE COST

This is the long-term arrangement on cost amortization which has been availed of by most of our communal IAs. Under this arrangement the IA is required to put up an equity participation of NOT LESS THAN TEN PERCENT (10%) of the chargeable cost during the construction/rehabilitation period and amortize the remaining amount (without interest) within an agreed period the duration of which shall not exceed fifty (50) years. The equity participation of the IA shall consist of the money value of the items as defined under Scheme I.b above. For uniformity of procedures, if the IA opts to adopt Scheme I.c above, same guidelines shall be followed in recording and reporting the amounts withheld from the payroll of IA-members working in the project under consideration.

B. OTHER PERTINENT GUIDELINES

B.1 IAs WISHING TO CONVERT FROM SCHEME II TO SCHEME I

For Irrigators Associations who are currently amortizing the development cost of their systems (both communal and fully turned over nationals) and who wish to convert into Scheme I, the following guidelines should be followed:

- a. The IA should forward its intention through a Board Resolution addressed to the Regional Irrigation Manager, Attention: The Provincial Irrigation Engineer;
- b. The IA Board Resolution shall be endorsed by the PIE to the RIM attaching thereto a current status of amortization payment of the requesting IA which shall be duly certified by the Regional Accountant;
- c. The equity participation of the IA shall be THIRTY PERCENT (30%) of the remaining balance of the amortizable amount plus any back accounts, if there are any; and
- d. The equity participation of the IA shall be payable in cash and within a maximum period of six (6) months, the effectivity of which shall be reckoned from the date the IA has received the notice of the RIM approving the IA's request. Any unpaid amount within the designated period shall be subjected to a maximum interest of ONE PERCENT (1%) per month and to be settled by the IA within the next six months.

B.2 IAs REQUESTING FOR ADDITIONAL ASSISTANCE FROM NIA

For Irrigators Associations requesting for assistance from NIA for the rehabilitation/improvement of their irrigation systems, and wherein they are currently amortizing the previous capital investment, the said IAs could avail of either any or a combination of the above schemes. That is, they could adopt Scheme I for the new capital investment and keep on amortizing their existing account or they could adopt Scheme I for the new capital investment plus the remaining balance and back accounts on the existing amortizable amount. In any case, all agreements to be entered into with the IAs shall be properly documented and covered by duly approved and notarized Memorandum of Agreements.

B.3 IAs REQUESTING FOR ADJUSTMENT OF DATE OF AMORTIZATION PAYMENT

For the guidance of all concerned, approval of requests of IAs for the adjustment of the date of payment of their amortization to coincide with their harvesting period, is hereby delegated to the Regional Irrigation Managers provided, however, that copies of duly approved requests shall be furnished the Office of the Assistant Administrator for Systems Operation and Equipment Management, Attention: The Manager, Institutional Development Department.

B.4 AWARDING OF CERTIFICATES OF SYSTEM OWNERSHIP TO IRRIGATORS ASSOCIATIONS

As a standard procedure, upon completion of payment of amortization or equity participation, the concerned Irrigators Association shall be awarded a Certificate of System Ownership. The herewith attached new format of the certificate should be adopted for said purpose. Certificates of system ownership previously awarded should be revoked through the issuance of the new certificate.

All provisions of earlier pertinent circulars, memoranda, guidelines and similar issuances inconsistent to the above are hereby correspondingly amended/revoked.

Compliance is hereby enjoined.

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

March 14, 1991

Republika ng Pilipinas
Pambansang Pangasiwaan ng Patubig
(NATIONAL IRRIGATION ADMINISTRATION)
Lungsod ng Quezon

KATIBAYAN NG PAGMAMAY-ARI
NG SISTEMA NG PATUBIG

SA LAHAT NG MAKABABASA NITO AY NAGPAPATUNAY:

Sang-ayon sa itinatadhana ng Batas Pangrepublika Bilang 3601 na sinusugan ng Dikreto ng Presidente Bilang 552 na nagbibigay ng kapangyarihan sa PAMBANSANG PANGASIWAAN NG PATUBIG (National Irrigation Administration) na isalin ang pagmamay-ari ng (Name of Irrigation System) na matatagpuan sa (Barangay), bayan ng (Municipality), Probinsiya ng (Province), sa (Name of Irrigators Association) matapos makumpleto na ng nasabing samahan ng magpapatubig ang pagbabayad ng kaukulang halaga sa Pambansang Pangasiwaan ng Patubig.

Ang KATIBAYANG ito ay iginawad ngayong ika___ ng buwan ng _____ ng taong _____.

Administrator

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

MC # 31, s. 1991

MEMORANDUM CIRCULAR

TO : The Deputy Administrator, Assistant Administrators,
Department Managers, Regional Irrigation Managers,
Provincial Irrigation Engineers and All Others
Concerned

SUBJECT : POLICY GUIDELINES FOR THE OPERATION AND MAINTENANCE
OF SMALL RESERVOIR-TYPE IRRIGATION SYSTEMS

For the guidance of all concerned, the operation and maintenance of small Reservoir-Type Irrigation Systems (SRTIS), whose construction shall be amortized, except the dam, by the Irrigators Association (IA), shall be governed by the policy guidelines spelled out in Annex A which is attached hereto.

Basically, the policy guidelines delineate the specific responsibilities of NIA and the IA, which responsibilities are categorized relative to the dam height of equal to or less than five (5) meters or dam height of greater than five (5) meters, each of which shall be governed by memorandum of agreements attached as Annex B and C hereto. The approval of these MOA's shall also be governed by the provision of MC # 28 S. 1990 on delegation of authorities.

Please be guided accordingly.

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

March 21, 1991

POLICIES FOR THE OPERATION AND MAINTENANCE OF SMALL RESERVOIR-TYPE IRRIGATION SYSTEMS (SRTIS)

A. Definition

A Small Reservoir-Type Irrigation System (SRTIS) is the resultant irrigation system of a completed subproject under the Small Reservoir Irrigation Project (SRIP) or other similar projects, basically consisting of a dam and reservoir, and the appurtenant irrigation facilities and structures for an area covering a few tens to a little over one thousand (1,000) hectares.

B. Operation and Maintenance (O&M) Activities in SRTIS

The operation and maintenance activities in SRTIS could be grouped into two:

Dam and Reservoir (D&R) -

These are the O&M activities that pertain to the proper upkeep of the dam and the appurtenant structures including access roads and other related facilities. To some extent, this may also include activities relative to conserving and/or upgrading the resource capability of the watershed and the reservoir.

Service Area Facilities (SAF) -

These are the O&M activities relative to the proper upkeep of the service area facilities which include the diversion structures, canals and canal structures and the appurtenant irrigation and drainage facilities in the service area. These activities shall be handled by the farmer-beneficiaries through an agreement between their Irrigation Association (IA) and the NIA.

C. Responsibilities for the O&M of the Dam and Reservoir (D&R)

General: The operation all dams and its appurtenances constructed and operated by the NIA shall be the responsibility of the Agency. However, NIA will expand the scope of its participatory approach program to extend assistance to IAs of SRTIS in developing also their capabilities in managing the operation and maintenance of the dam and reservoir.

Specific Responsibilities: The responsibilities for the operation and maintenance of the dam and reservoir will depend primarily on the size of the dam which is determined by its height and the degree of sophistication of instrumentation and reservoir operation rule for monitoring the operational safety of the dam. Accordingly, therefore, the specific responsibilities could be categorized relative to the dam height.

C.1 Dam Height < 5 Meters. In cases wherein the dam height is equal to or is less than 5 meters and located in stable foundation, instrumentation is minimal and that the dam's operational safety is high, the routine O&M responsibilities could be handled by the IAs. The specific responsibilities will be as follows:

1. NIA will turn over to the concerned IAs the operation and maintenance of said dam including the appurtenant structures, access roads and other related facilities.
2. NIA will manage the operation and maintenance of the dam and the appurtenant facilities for at least one (1) year after completion of construction. The IA will solely operate and maintain the dam and appurtenant structures, thereafter. During this transition period, any cost incurred by the NIA for direct technical services, repair and maintenance of the dam and the appurtenant structures including the maintenance of the access roads and other related facilities shall be borne by the IA as service charge and be added to whatever amount to be paid by the IA to NIA for the recovery of investments in the service area. Payment of the IA of this service charge will be sustained if the IA does not accept the responsibility for operating and maintaining the dam and the appurtenant facilities and structures;
3. NIA will provide training and guidance to the personnel duly selected by the IA to handle the O&M of the dam and reservoir even after turnover at no cost to the IA;

[Handwritten signature]

4. NIA and IA will work out arrangements with the local government officials for the inclusion of the maintenance of access roads associated with the STRIS, if any, in the barangay roads program;
5. IA will submit regularly to NIA records of required data and information relative to the operations of the dam and reservoir;
6. IA with assistance from NIA, shall coordinate with concerned agencies particularly the DENR and BFAR for assistance in maintaining and/or upgrading the watershed as water source and the reservoir as a livelihood resource;
7. NIA shall extend assistance like equipment for repairs, etc. to the IA even after the turnover of the O&M responsibilities - the cost of which shall be borne by the IA;
8. IA should inform NIA immediately of any problem encountered in the operation of the dam or any unusual observations on the dam especially during or after the occurrence of natural calamities;
9. NIA should carry out regular/periodic inspections of the dam and the appurtenant structures particularly after the occurrence of natural calamities; advise the IA on the operational safety of the dam;
10. NIA will undertake repair and/or replacement of instruments being used to monitor the operational safety of the dam without cost to the IA;
11. NIA shall develop the IA's capability in efficiently handling the D&R O&M responsibilities at the expense of NIA; and
12. NIA and IA shall always maintain constant coordination to enhance the performance of the SRTIS.

C.2 Dam Height > 5 Meters. If the dam height is more than 5 meters, the O&M of the dam and reservoir shall be the main responsibility of the NIA. Specific responsibilities of the NIA and the IA will be as follows:

1. The NIA and the IA shall jointly promulgate the rules and regulations for the operations of the dam and the appurtenant facilities and structures which shall include among others water releases for

irrigation, early warning systems during natural calamities, use of the reservoir for fishing, recreation and other purposes;

2. NIA will manage the O&M of the dam and reservoir in accordance with the mutually agreed upon rules and regulations governing its safety operations;
3. The NIA and the IA shall hold regular coordination meetings to discuss the operations of the dam and reservoir to promote an optimum utilization of the land and water resources of the SRTIS;
4. The NIA and the IA shall coordinate with the local government offices for the inclusion of the maintenance of the access road in the barangay roads program, thus, reducing the O&M cost;
5. The NIA and the IA shall coordinate with other agencies particularly with DENR and BFAR for possible assistance in maintaining and/or upgrading the resource capability of the watershed and the reservoir;
6. NIA shall formulate strategies and mechanisms to develop the IA's capability in handling some D&R O&M responsibilities; and
7. The IA shall pay to NIA an equivalent amount not to exceed 1.5 cavans per hectare, per annum for the O&M of the dam and the appurtenant structures including maintenance of access roads and other related facilities except for the repair and/or replacement of instruments. This shall be added to whatever amount to be paid by the IA to NIA for the recovery of chargeable costs in the irrigation service area.

D. Implementing Guidelines

In light of the abovementioned policies and responsibilities for the operation and maintenance of the dam and reservoir of Small Reservoir-Type Irrigation Systems (SRTIS) the following guidelines are formulated for compliance by all concerned:

1. All SRIP projects with irrigation components shall be implemented following applicable policies, procedures and requirements for either communal or national irrigation development. For Communal SRIPs, the attached applicable MOA shall be adopted;
2. It is to be reiterated that prior to starting any construction activity, a Memorandum of Agreement (MOA) between the NIA and the beneficiary-farmers through their IA should be entered into defining the corresponding

responsibilities of each for the D&R and the SAF operations and maintenance activities. However, for on-going projects, where no MOA's were entered into prior to the start of dam constructions, the MOA's should be entered into on or before project completion or turnover to the IA. Henceforth, for SRIP and similar projects, the MOA should include provisions for the operation and maintenance of the dam and reservoir and other relevant facilities and structures adopting the specific responsibilities as described in Items C.1 and C.2 above.

3. On or before the completion of construction, NIA shall determine the cost for the O&M of the D&R and such cost shall be presented and agreed upon with the IA. In case there are two or more IAs to be serviced by the dam, each IA will have separate MOAs for the service area development (from diversion structure down to the drainage system) while a joint MOA have to be established for the O&M of the D&R. In such cases, the beneficiary-IAs shall agree among themselves and with NIA to mutually share the cost involved in the operation and maintenance of the dam and reservoir.

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MEMORANDUM OF AGREEMENT
BY AND BETWEEN
THE NATIONAL IRRIGATION ADMINISTRATION
AND IRRIGATORS ASSOCIATION WITHIN
SMALL RESERVOIR-TYPE IRRIGATION SYSTEMS
WITH DAM HEIGHT EQUAL TO OR LOWER THAN 5 METERS

KNOW ALL MEN BY THESE PRESENTS:

This agreement executed and entered into this _____ day of _____ 1991 in _____.

The NATIONAL IRRIGATION ADMINISTRATION, a government owned and controlled corporation created under Republic Act No. 3601 as amended by Presidential Decree Nos. 552 and 1702 with principal office at Epifanio delos Santos Avenue, Quezon City, represented in this agreement by _____ hereinafter referred to as the NIA.

-and-

_____, as association organized and registered in accordance with the laws of the Philippines with principal office at _____ represented herein by its President _____ hereinafter referred to as the ASSOCIATION.

WITNESSETH THAT

Whereas, the Association has petitioned the NIA to construct/rehabilitate the _____ Irrigation project/system which shall irrigate land situated at Barangay _____ Municipality of _____ in the province of _____.

NOW THEREFORE, for and in consideration of the foregoing premises, and by authority of the provision of Republic Act 3601, as amended by Presidential Decree Nos. 552 and 1702, the parties have agreed and by these presents do hereby agree as follows to wit:

1: NIA Responsibility

A. Dam and Reservoir (D&R)

- A.1 Turnover to the concerned Association the operation and maintenance (O&M) of the dam including the appurtenant structures, access roads and other related facilities; however, it shall manage the O&M of the dam and its appurtenant facilities for at least one-year after completion of construction;

A.2 Provide training and guidance to the personnel duly selected by the Association to handle the O & M of the D & R;

A.3 Jointly work out with the Association arrangements with the local government officials for the inclusion of the maintenance of access roads associated with the SRTIS, if any, in the barangay roads program;

A.4 Assist the Association in coordinating with concerned agencies particularly the DENR and BFAR for assistance in maintaining and/or upgrading the watershed as water source and the reservoir as a livelihood resource;

A.5 Extend assistance like equipment for repairs, etc. to the Association even after turnover of the O & M responsibilities - the cost of which shall be borne by the Association;

A.6 Conduct regular/periodic inspection of the dam and appurtenant structures particularly after the occurrence of natural calamities;

A.7 Advise the Association on the operational safety of the dam;

A.8 Undertake repair and/or replacement of instruments used to monitor the operational safety of the dam without cost to the Association; and

A.9 Maintain constant coordination with Association to enhance the performance of the system.

B. Service Area

B.1 Bear the cost of administrative services, investigation and preliminary survey, plan preparation and other pre-construction engineering activities for the project including institutional development during the Pre-Construction, Construction and O&M stages;

B.2 Have the right to enter private property of the association in connection with the construction of the proposed project and the NIA or its employees shall not be liable whatsoever for damages which the Association may sustain on account of said activities, unless there is a gross negligence or willful act done by the NIA or its employees which shall cause such damages;

B.3 Spend for the cost of construction of diversion works, project facilities and appurtenant structures, the canals and other irrigation structures including the turnouts of the Irrigation projects;

B.4 Render assistance in the organization and/or strengthening of the Association and train the beneficiaries or those persons duly elected and qualified to undertake the operation, maintenance and management of the irrigation system upon its completion and turnover;

B.5 Jointly with the Association and pursuant to existing Memorandum Circulars, conduct periodic cost and equity reconciliation to determine the actual chargeable cost of the project in order to facilitate the physical and financial turnover of the system.

II. Association's Responsibility

A. Dam and Reservoir

A.1 Accepts the operation and maintenance (O&M) of the D&R including the appurtenant structures, access roads and other related facilities;

A.2 Pay to NIA as service charge, the cost incurred during the first year of O&M of the D&R, either for direct technical services, repair and maintenance of the dam and the appurtenant structures including the maintenance of the access roads and other related facilities. This shall be added to whatever amount to be paid by the Association to NIA for the recovery of chargeable cost in the irrigation service area. Payment of this service charge will be sustained if the Association does not accept the responsibility of operating and maintaining the dam and appurtenant facilities and structure;

A.3 Jointly work out with NIA, arrangements with local government officials for the inclusion of the maintenance of access roads associated with the SRTIS, if any in the barangay roads program;

A.4 Submit regularly to NIA, records of required data and information relative to the O&M of the D&R;

A.5 Coordinate with DENR and BFAR for assistance in maintaining and/or upgrading the watershed as water source and the reservoir as a livelihood resource;

A.6 Immediately inform NIA of any problem encountered in the operation of the dam or any unusual observations on the dam especially during or after the occurrence of natural calamities;

A.7 Make available to NIA for training, personnel duly selected to handle the O&M of the D&R;

A.8 Bear the cost of O&M and repair of the D&R after its turnover; and

A.9 In case of major repairs funded by NIA (in the absence of calamity funds) the Association shall provide equity of at least 10% of the direct cost and the balance (without interest) shall be added to the previous loan and repaid within the previously agreed repayment period.

B. Service Area

B.1 Responsible for securing and complying with all the legal requirements related to the construction of the irrigation system, such as: water permits, legal fees or charges and other similar requirements;

B.2 Acquire by whatever mode, private properties affected by the construction of the project and its appurtenances;

B.3 Contribute, as its counterpart to the construction of the projects cost, labor and materials, the total value of which shall not be less than ten percent (10%) of the total chargeable cost of the project;

B.4 Amortize the direct cost involved in constructing all irrigation facilities and structures excluding the dam and its appurtenant structures. Such costs is called chargeable cost and include the following:

- a. materials
- b. equipment rental
- c. fuel and oil
- d. right-of-way paid by NIA, if any

- e. labor up to the level of construction foremen and/or engineer-in-charge, including TEVs and allowances in connection with the project.
- f. other expenditures not covered above but agreed upon by both parties.

The Association shall not however, amortize the following:

- a. all cost involved in constructing the dam and its appurtenant structures.
- b. construction of the access or service road.
- c. flood control or protection dikes that are not part of the diversion works.
- d. power generating works.

B.6 Pay to the NIA the chargeable cost in equal annual installment without interest, the minimum amount of the installment to be the money value at prevailing government price at the time of turnover of 1.5 cav./ha./yr. (50 kgs./cav.) but not to exceed 50 years. If the repayment period exceeds 50 years the annual installment rate shall be increased. The first annual installment shall be due and payable within one (1) year after the date of turnover. Delayed installment shall be subject to an interest of $1/2$ of 1 percent per month on the amount due. For this purpose, a delay of fifteen days shall be disregarded.

B.7 Immediately after turnover of the project, the Association shall assume responsibilities for the O&M of the irrigation system and collection of irrigation fees from member-beneficiaries for amortization, operation and maintenance of the system and capital build-up in accordance with its by-laws, rules and regulations.

B.8 Pending full completion and turnover, the Association shall corresponding to the number of farmer-members benefitted, enter into agreement with the NIA to use and maintain the partially completed system and collect irrigation fee. The Association shall yearly pay to the NIA the money value of 1.5 cav./ha-yr multiplied by the actual irrigated area of the operational phase of the project.

B.9 Upon partial or full turnover of the irrigation project, the Association, shall spend for the cost of repair/rehabilitation and/or improvement of the irrigation system. Major repair or rehabilitation of the diversion facilities and major structures

maybe undertaken by the NIA provided that a supplemental agreement between the parties herein is executed, and, provided further, that a written request is submitted to the NIA one week after the occurrence of the damage.

B.10 Make available to the NIA for training, bonafide members who shall be ultimately responsible for the operation, maintenance and management of the irrigation system.

B.11 Abide by the terms and conditions as stipulated in this Agreement irrespective of whether or not the set of officers changes from time to time.

III. SPECIAL PROVISION

1. The NIA and the Association shall have a joint/coordination meeting before and after every cropping season to discuss the mechanics of the O&M of dam and facilities for the following or succeeding season.
2. The NIA and the Association shall jointly conduct regular inspection, monitoring and investigation on the behavior of the dam and surroundings much so on aftermath of calamity occurrence.
3. Any complaints of irrigation users within the Dam covered area should be the concern of the Association and will only be referred to NIA if the case is beyond their capability to settle and resolve.
4. Joint evaluation meeting shall be held regularly to identify problems encountered and formulate solution thereto at any time without delay.
5. Any major repair should be consulted with NIA before the Association undertake the works to delineate participation of NIA and Association to speed up accomplishment.
6. The NIA reserves the right to supervise the work and operation of the Association for as long as the consideration of this agreement has not been fully paid by the Association.
7. In the exercise of its supervisory function, the NIA may audit the books of accounts and records of the Association, and may issue necessary guidelines which shall form part of this agreement.

8. The Association is required to register its official receipts with the BIR and submit statements of financial condition and operation to the SEC. copy furnished NIA, for control and monitoring purposes.
9. The By-Laws of the Association shall contain a provision that all fees received by the Association from its member-beneficiaries shall be directly deposited in a bank of choice and that the same cannot be withdrawn without a resolution from the Board of Directors.
10. The cost of repair/rehabilitation of damages due to technical deficiency as determined by the NIA and IA before turnover shall form part of the indirect cost to be shouldered by NIA and shall not be charged to the Association.
11. In the absence of a calamity fund, additional cost for repair/rehabilitation of projects and damages due to force majeure shall be shouldered by the NIA with the Association providing the equity in the form of cash, labor and/or materials. The amount of equity contribution shall depend upon the extent of damage but should not be less than ten (10%) of the total cost. The remaining chargeable cost shall be repair by the IA following existing policies.
12. In case of calamity (e.g., flood, typhoon, rat infestation, fire, etc.), the Association may request for suspension or partial payment of the amortization due for the year provided that the damage is at least 60% of the planted area and is duly supported by inspection report of NIA personnel and certification from a technician of the Department of Agriculture. Provided finally, that the Association is willing to pay the entire amount of loan within the agreed repayment period as set in the amortization schedule.
13. For rehabilitation projects where there is an existing loan, rescheduling of amortization schedule should be done to accommodate the old loan and new loan, provided that the resulting period of amortization will not exceed 50 years.

IV. EFFECTIVITY OF CONTRACT

This contract shall take effect upon signing of both the representatives of both parties.

V. AMENDMENTS

The terms and conditions of this contract may be amended with the concurrence on both parties.

IN WITNESS WHEREOF, the parties to this Agreement have hereunto signed this contract this _____ day of _____, 1991 at _____; Philippines.

NATIONAL IRRIGATION ADMINISTRATION

By: _____

By: _____

Regional Irrigation Manager

President

WITNESSES:

Recommending Approval: _____

JOSE A. GALVEZ
Asst. Administrator for Systems
Operation & Equipment Management

APPROVED:

JOSE B. DEL ROSARIO, JR.
Administrator

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

REPUBLIC OF THE PHILIPPINES
PROVINCE OF _____
MUNICIPALITY OF _____

BEFORE ME, a Notary Public for and in _____,
Philippines, on this _____ day of _____, 19____
personally appeared _____ with Residence
Certificate No. _____ issued at _____ on
_____, 1991 and _____ with
Residence Certificate No. _____ issued at
_____ on _____, 1991 both known to
me to be the same person who executed the foregoing instrument
and who acknowledged to me that the same is their free and
voluntary act and deed and of the corporation/entity which
each of them represents.

I certify that this contract consist of eight pages
including this page, each page duly signed by the parties on
the left hand margin except page seven which is signed in
the execution of this contract.

IN WITNESS WHEREOF, I have hereunto affixed my signature
and official seal on the date and place above written.

Notary Public
My Commission Expires on Dec. 31, 1991

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

MEMORANDUM OF AGREEMENT
BY AND BETWEEN
THE NATIONAL IRRIGATION ADMINISTRATION
AND IRRIGATORS ASSOCIATION WITHIN
SMALL RESERVOIR-TYPE IRRIGATION SYSTEMS
WITH DAM HEIGHT HIGHER THAN 5 METERS

KNOW ALL MEN BY THESE PRESENTS:

This agreement executed and entered into this _____ day of _____ 1991 in _____.

The NATIONAL IRRIGATION ADMINISTRATION, a government owned and controlled corporation created under Republic Act No. 3601 as amended by Presidential Decree Nos. 552 and 1702 with principal office at Edifanio delos Santos Avenue, Guezon City, represented in this agreement by _____ hereinafter referred to as the NIA.

-and-

_____ an association organized and registered in accordance with the laws of the Philippines with principal office at _____ represented herein by its President _____ hereinafter referred to as the ASSOCIATION.

WITNESSETH THAT

Whereas, the Association has petitioned the NIA to construct/renabilitate the _____ Irrigation Project/System which shall irrigate land situated at Barangay(s) _____ Municipality of _____ in the Province of _____

NOW THEREFORE, for and in consideration of the foregoing premises, and by authority of the provision of Republic Act 3601, as amended by Presidential Decree Nos. 552 and 1702, the parties have agreed and by these presents do hereby agree as follows to wit:

1. NIA Responsibility:

A. Dam and Reservoir (D&R)

A.1 Responsible for the operation and maintenance (O&M) of the D&R;

A.2 Jointly promulgate with the ASSOCIATION, the rules and regulations for the operations of the dam and the appurtenant facilities and structures which shall include among others water releases for irrigation, early warning systems during natural calamities, use of the reservoir for fishing, recreation and other purposes;

A.3 Manage the O&M of the D&R in accordance with the mutually agreed upon rules and regulations governing its safety operations;

A.4 Meet with the Association thru regular coordination meetings to discuss the operations of the D&R to promote optimum utilization of the land and water resources;

A.5 Jointly with the Association, coordinate with local government offices for the inclusion of the maintenance of the access roads associated with the SRTIS, if any, in the barangay roads program;

A.6 Jointly with the Association, coordinate with DENR and BFAR for assistance in maintaining and/or upgrading the resource capability of the watershed and the reservoir;

A.7 Formulate strategies and mechanisms to develop the Association's capability in handling some D&R O&M responsibilities; and

A.8 Responsible for the repair of the D&R.

D. Service Area

B.1 Bear the cost of administrative services, investigation and preliminary survey, plan preparation and other pre-construction engineering activities for the project including institutional development during the Pre-Construction, Construction and O&M stages;

B.2 Have the right to enter private property of the Association in connection with the construction of the proposed project and the NIA or its employees shall not be liable whatsoever for damages which the Association may sustain on account of said activities, unless there is a gross negligence or willful act done by the NIA or its employees which shall cause such damages;

B.3 Provide funds for the construction of diversion works, project facilities and appurtenant structures, the canals and other irrigation structures including the turnouts of the irrigation projects;

B.4 Render assistance to the Association in the organization and/or strengthening of the Association and shall train the beneficiaries or those persons duly elected and qualified to

undertake the operation, maintenance and management of the irrigation system upon its completion and turnover;

- B.5 Jointly conduct with the Association, periodic cost and equity reconciliation to determine the actual chargeable cost of the project in order to facilitate the physical and financial turnover of the system:

II. Association's Responsibility

A. Dam and Reservoir

- A.1 Pay to NIA an equivalent amount not to exceed 1.5 cavanos per hectare, per annum for the O&M of the D&R, either for direct technical services, repair and maintenance of the dam and the appurtenant structures including maintenance of access roads and other related facilities except for the repair and/or replacement of instruments. This shall be added to whatever amount to be paid by the IA to NIA for the recovery of chargeable cost in the irrigation service area;
- A.2 Jointly promulgate with NIA the rules and regulations for the operations of the dam and the appurtenant facilities and structures which shall include among others water releases for irrigation, early warning systems during natural calamities, use of the reservoir for fishing, recreation and other purposes;
- A.3 Meet with NIA thru regular coordination meetings to discuss the operations of the D&R to promote optimum utilization of land and water resources covered by the system.
- A.4 Jointly with NIA, coordinate with local government offices for the inclusion of the maintenance of the access roads associated with the SRTIS, if any, in the barangay roads program;
- A.5 Jointly with NIA, coordinate with DENR and BFAR for assistance in maintaining and/or upgrading the resource capability of the watershed and the reservoir; and
- A.6 Coordinate with NIA-PIO regarding problems encountered on the O&M of the D&R.

B. Service Area

B.1 Secure and comply with all the legal requirements related to the construction of the irrigation system, such as SEC registration, water permits, legal fees or charges and other similar requirements:

B.2 Acquire by whatever mode, Right of Ways in private properties affected by the construction of the project and its appurtenances:

B.3 Contribute as its counterpart to the construction of the project cost, labor and/or materials, the total value of which shall not be less than ten percent (10%) of the total chargeable cost of the project:

B.4 Formulate its Equity Generation Program based on the approved Program of Work (POW) of the project using the Equity Generation Program Format which shall form part of this Agreement:

B.5 Amortize the direct cost incurred by NIA in constructing all irrigation facilities and structures excluding the dam and its appurtenant structures. Such will be called chargeable cost and include the following:

- a. materials
- b. equipment rental
- c. fuel and oil
- d. right-of-way paid by NIA, if any,
- e. labor up to the level of construction foremen and/or engineer-in-charge, including TEVs and allowances in connection with the project.
- f. other expenditures not covered above but agreed upon by both parties.

The Association shall not however, amortize the following:

- a. all cost involved in constructing the dam and its appurtenant structures.
- b. construction of the access or service road.
- c. flood control or protection dikes that are not part of the diversion works.
- d. power generating works.

B.6 Pay to the NIA the chargeable cost in equal annual installment without interest, the minimum amount of the installment to be the money value at prevailing government price at the time of turnover of 1.5

cav./ha./yr. (50 kgs./cav.) but not to exceed 50 years. If the repayment period exceeds 50 years the annual installment rate shall be increased. The first annual installment shall be due and payable within one year after the date of turnover. Delayed installment shall be subject to an interest of $1\frac{1}{2}$ of 1 percent per month on the amount due. For this purpose, a delay of fifteen days shall be disregarded.

B.7 Immediately after turnover of the project, the Association shall assume responsibilities for the O&M of the irrigation system and collection of irrigation fees from member-beneficiaries for amortization, operation and maintenance of the system and capital build-up in accordance with its by-laws, rules and regulations.

B.8 Pending full completion and turnover, the Association shall, corresponding to the number of farmer-members benefitted, enter into agreement with the NIA to use and maintain the partially completed system and collect irrigation fee. The Association shall yearly pay to the NIA the money value of 1.5 cav./ha-yr multiplied by the actually irrigated area.

B.9 Upon partial or full turnover of the irrigation project, the Association shall spend for the cost of repair/rehabilitation and/or improvement of the irrigation system. Major repair or rehabilitation of the diversion facilities and major structures maybe undertaken by the NIA provided that a supplemental agreement between the parties herein is executed, and, provided further, that a written request is submitted to the NIA one week after the occurrence of the damage.

B.10 Make available to the NIA for training, bonafide members who shall be ultimately responsible for the operation, maintenance and management of the irrigation system.

B.11 Abide by the terms and conditions as stipulated in this Agreement irrespective of whether or not the set of officers changes from time to time.

III. SPECIAL PROVISION

- i. The NIA and the Association shall have a joint/coordination meeting before and after every cropping season to discuss the mechanics of the O&M of dam and facilities for the following or succeeding season.

2. The NIA and the Association shall jointly conduct regular inspection, monitoring and investigation on the behavior of the dam and surroundings much so on aftermath of calamity occurrence.
3. Any complaints of irrigation users within the Dam covered area should be the concern of the Association and will only be referred to NIA if the case is beyond their capability to settle and resolve.
4. Joint evaluation meeting shall be held regularly to identify problems encountered and formulate solution thereto at any time without delay.
5. Any major repair should be consulted with NIA before the IA undertake the works to delineate participation of both NIA and IA to speed up accomplishment.
6. The NIA reserves the right to supervise the activities and operation of the Association for as long as the consideration of this agreement has not been fully paid by the Association.
7. In the exercise of its supervisory function, the NIA may audit the books of accounts and records of the Association, and may issue necessary guidelines which shall form part of this agreement.
8. The Association is required to register its official receipts with the BIR and submit statements of financial condition and operation to the SEC, copy furnished NIA, for control and monitoring purposes.
9. The By-Laws of the Association shall contain a provision that all fees received by the Association from its member-beneficiaries shall be directly deposited in the name of the Association in a bank of choice and that the same cannot be withdrawn without a resolution from the Board of Directors.
10. The cost of repair/rehabilitation of damages due to technical deficiency as determined by the NIA and IA before turnover shall form part of the indirect cost to be shouldered by NIA and shall not be charged to the Association loan.
11. In the absence of a calamity fund, additional cost for repair/rehabilitation of projects and damage due to force majeure shall be shouldered by the NIA with the Association providing the equity in the form of cash, labor and/or materials. The amount of equity contribution shall depend upon the extent of damage but should not be less than ten (10%) of the total cost. The remaining chargeable cost shall be repaid by the IA following existing policies.

12. In case of calamity (e.g., flood, typhoon, rat infestation, fire, etc.), the Association may request for suspension or partial payment of the amortization due for the year provided that the damage is at least 60% of the planted area and is duly supported by inspection report of NIA personnel and certification from a technician of the Department of Agriculture. Provided finally, that the Association is willing to pay the entire amount of loan within the agreed repayment period as set in the amortization schedule.
13. For rehabilitation projects where there is an existing loan, rescheduling of amortization schedule should be done to accommodate the old loan and new loan, provided that the resulting period of amortization will not exceed 50 years.

V. EFFECTIVITY OF CONTRACT

This contract shall take effect upon signing of both the representatives of both parties.

VI. AMENDMENTS

The term and conditions of this contract may be amended with the concurrence on both parties.

IN WITNESS WHEREOF, the parties to this Agreement have hereunto signed this contract this _____ day of _____, 1991 at _____, Philippines.

NATIONAL IRRIGATION ADMINISTRATION _____

By: _____

By: _____

Regional Irrigation Manager

President

WITNESSES:

Recommending Approval:

JOSE A. GALVEZ
Asst. Administrator for Systems
Operation & Equipment Management

APPROVED:

JOSE B. DEL ROSARIO, JR.
Administrator

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

REPUBLIC OF THE PHILIPPINES
PROVINCE OF _____
MUNICIPALITY OF _____

BEFORE ME, a Notary Public for and in _____
Philippines, on this _____ day of _____, 19____
personally appeared _____ with Residence
Certificate No. _____ issued at _____ on
_____ issued at _____ on _____
1991 and _____ with Residence Certificate No.
_____ on _____, 1991 both known to me to be
the same person who executed the foregoing instrument and who
acknowledged to me that the same is their free and voluntary
act and deed and of the corporation/entity which each of them
represents.

I certify that this contract consists of eight pages
including this page, each page duly signed by the parties on
the left hand margin except page seven which is signed in the
execution of this contract.

IN WITNESS WHEREOF, I have hereunto affixed my signature
and official seal on the date and place above written.

Notary Public
My Commission Expires on Dec. 31 1991
TAN NO. _____

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