

EPTZ

Republic of the Philippines
NATIONAL IRRIGATION ADMINISTRATION
EDSA, Diliman, Quezon City

MC. NO. 38, s. 1997

MEMORANDUM CIRCULAR

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

SUBJECT: COLLECTION AND UTILIZATION OF IRRIGATION SERVICE FEE
BACK ACCOUNTS

Collection from irrigation service fee (ISF) back accounts averages P60.3 million at a collection efficiency of 2.6 percent annually for the past ten years. These levels of performance are insignificant despite the adoption of incentive policies since 1988 and implementation of various strategies to increase collection. As of 31 December 1996, accumulated back accounts was about P3.85 billion, increasing by some 61 percent within a span of five years (1991-1996). On the other hand, while the Agency continues to invest substantial amounts of money for the repair, maintenance and upgrading of irrigation facilities and structures through local and foreign funding sources, the current level of performance of national irrigation systems, particularly in ISF collection, is less than satisfactory.

One of NIA's programs to increase irrigation efficiency is the concrete lining of irrigation canals primarily to reduce water conveyance and delivery losses. In order to accelerate program implementation, the identified immediate source of funds is the accumulated ISF back accounts to be collected in close collaboration with the Irrigators' Associations (IA) and their federations/confederations under the following policies and arrangements:

1. Effective 1 January 1998, IAs nationwide shall be authorized to collect from the concerned farmers and association members all ISF back accounts accumulated up to 31 December 1997. The authority shall be in effect for three years, from 1 January 1998 to 31 December 2000.
2. The ISF back accounts of the individual farmer/water-user shall be the cash equivalent of the principal or collectible amount based on the prevailing government support price for palay at the time of billing.
3. All payments shall be in cash (See Item No. 2 above).

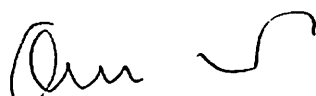
4. The total collection shall be distributed as follows:
 - 4.1 Twenty-five percent (25%) to be given to IAs as commission/incentive; and
 - 4.2 Seventy-five percent (75%) to be retained by the Agency which shall be deposited in a special account to be utilized only for the following:
 - 4.2.1 Two-thirds (2/3) shall be utilized for the repair, restoration and/or improvement of the irrigation facilities and structures, particularly canal lining, if and when necessary, within the service area of the IAs which collected the back accounts.
 - 4.2.2 One-third (1/3) shall be remitted to the central office to accrue to a Special Fund to be used for the repair/rehabilitation of communal irrigation systems.
5. The commission/incentive shall be immediately paid to the IAs upon remittance of the collection from the aforesaid ISF back accounts to the Irrigation Systems Office .
6. Irrigation Superintendents/District Chiefs/Officers-In-Charge of irrigation systems are directed to complete by 30 November 1997 the confirmation of back accounts accumulated up to 31 December 1997. By 31 March 1998, the list of all farmers with back accounts incurred during the 1997 cropping seasons (current account collectibles with deadline dates within 1997) should be likewise completed. The IAs shall be informed of the confirmed back accounts.
7. The back accounts to be incurred by the farmers/water-users beginning 1 January 1998 shall be subject to the following policies:
 - 7.1 IAs shall be likewise authorized to collect these back accounts but will be entitled to an incentive of only two percent (2%) of the amount collected;
 - 7.2 Collectibles shall be the cash equivalent of the principal at the time of billing plus one percent penalty per month and surcharges, if any;
 - 7.3 Payments shall be in cash;
 - 7.4 The 98 percent NIA share from the back account collection shall be utilized only for the purposes stated in Item 4.2; and

- 7.5 The back accounts not settled by the concerned farmer/water-user for two cropping seasons starting 1 January 1998 shall be preferred liens upon the land pursuant to *Section 1 of Presidential Decree No. 552*. Thus, all means shall be explored by the Irrigation Systems Office in collaboration with the IAs for the annotation of the unpaid back accounts in the Transfer Certificate of Title of the subject farmlot. As a matter of enforcing this policy, the concerned IA, if financially capable, shall likewise be authorized to take over the management of the farmlot until such time that the back accounts due from the said farmlot have been totally recovered.
8. All confirmed back accounts referred to in Item 6 above that are not settled within the specified period (1 January 1998 to 31 December 2000) shall be treated as in Item 7.5 after 31 December 2000.
9. A farmer/water-user can avail of the policies enunciated under this memorandum circular only if he pays 100 percent of his current account within the specified three-year period these policies are in effect.
10. Massive information campaign drive on this circular shall be jointly undertaken by the field offices: Regional Irrigation Offices, Provincial Irrigation Offices and Irrigation Systems Offices, and IAs prior to the signing of the new IOA.

In order to closely monitor the implementation of the policies under this circular, a Coordinating Committee is hereby constituted to formulate the detailed implementing guidelines and reporting formats. It shall be composed of the following:

Assistant Administrator for		
Systems Operation and		
Equipment Management	-	Chair
Managers of the		
Institutional Development Department	-	Member
Systems Management Department	-	Member
Treasury Department	-	Member
Corporate Planning Staff	-	Member
Legal Department	-	Member
Controllership Department	-	Member

For strict compliance.


 ORLANDO V. SORIANO
 Administrator

October 15, 1997