

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

MC No. 08, s. 2008

MEMORANDUM CIRCULAR

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

SUBJECT : GUIDELINES TO ENHANCE IMPLEMENTATION EFFICIENCY OF
ODA-FUNDED IRRIGATION PROJECTS UNDER NIA

Attached for your information and guidance is a copy of the Department of Agriculture's Administrative Order No. 28 dated November 9, 2007 imposing cost control guidelines to NIA to avert future incidences of cost overruns and implementation delays in both of its on-going and pipeline Official Development Assistance (ODA) – funded projects.

For strict compliance.


MARCELINO V. TUGAOEN JR.
Administrator

January 23, 2008

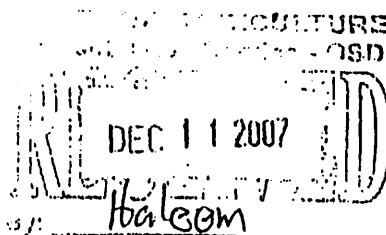


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DEPARTMENT OF AGRICULTURE
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DEPARTMENT OF AGRICULTURE
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Subject: GUIDELINES TO ENHANCE IMPLEMENTATION EFFICIENCY OF ODA-FUNDED IRRIGATION PROJECTS UNDER NIA

Whereas, the National Irrigation Administration (NIA) is the primary agency of the Philippine government in-charge of irrigation development;

Whereas, NIA has currently six on-going projects being financed by Official Development Assistance (ODA), all of which are incurring cost overruns and/or time extension which tend to delay the attainment of the project objectives;

Whereas, the rice sufficiency target of the Department of Agriculture (DA) largely depends on the smooth implementation and timely completion of irrigation projects;

NOW, THEREFORE, for and in consideration of the foregoing premises, the DA, as the mother agency of NIA, hereby imposes the following cost control guidelines to NIA to avert future incidences of cost overruns and implementation delays in both of its on-going and pipeline ODA-funded projects:

1. During project preparation, NIA shall provide firmed and updated cost, design parameters and implementation schedule based on empirical data, current market prices, sound assumptions and previous experiences, which shall serve as basis for approval.
2. Prior to project implementation, NIA shall endeavor to secure a Memorandum of Agreement (MOA) with the concerned Local Government Units (LGUs) with regards to the Right-of-Way (ROW) acquisition. Said MOA will attest that any cost increase in the ROW and resettlement cost will be partially or fully borne by the LGUs. This is consistent with the recommendations of NEDA to solicit the participation of the LGUs on this issue and to keep ROW and relocation costs at a reasonable level.
3. Award of contracts for civil works, supply and consulting services shall be consistent with the ICC approved cost and implementation schedule. Any variation thereof arising from changes in estimates made after financing appraisal, detailed engineering, Agency Budget for the Contract (ABC) determination, and bidding shall require revision in the NIA's Budget Strategy, the concurrence of the NIA Board and DA, and approval/notation of ICC (for cost increase) prior to continuance of project implementation.

4. Procurement of civil works, supply and consulting services contracts shall be limited to the prescribed allowable period. Likewise, it shall be consistent with the provisions set forth under the Government Procurement Reform Act and Procurement Procedures of the lending institutions. Specifically, the procurement process from opening of bids up to award of contract shall not exceed three months per Resolution Nos. 04-2006, 07-2006 and 014-2006.
5. NIA shall explore alternative mechanisms to contain incidences of Variation Orders, Extra Works Orders and Supplemental Agreements for Civil Works or Consulting Services Contracts. In case there are changes in scope, increase in physical quantity, or the price escalation warranting the need for Variation Orders, Extra Works Orders and Supplemental Agreements, the increase shall be limited to a maximum of 10% of the original contract cost and shall be accommodated within the project contingency. Realignment of cost may be also allowed provided it is within the ICC approved cost and it will not affect the accomplishment of other components. Any amount exceeding the ICC approved cost shall require revision in the NIA's Budget Strategy, concurrence of the NIA Board and DA, and approval of ICC prior to payment and continuance of project implementation.
6. Projects shall be implemented in accordance with ICC approved implementation schedule. The extension of any contract or its whole project schedule, including loan closing date shall require the concurrence of the NIA Board and DA, and approval/notation of ICC prior to continuance of project implementation.
7. NIA shall strive to pay the ROW Acquisition and Resettlement Cost based on original cost. Any amount exceeding the ICC approved cost shall require concurrence of the NIA Board and DA, and approval of ICC (if necessary) prior to payment.
8. NIA shall undertake full disclosure of project management cost (including GESA and management fee per allowable percentage under the Special Provisions of the GAA and PD 1702) in its new and updated submission of project costs to DA and NEDA.
9. NIA shall closely monitor the performance of its contractor(s). Penalties such as termination of contracts, blacklisting of contractors, etc., shall be imposed by NIA as a disincentive to poor performing contractors.
10. Likewise, performance of the Project Management Office (PMO) shall be monitored to ensure that government resources are used efficiently, effectively, honestly and economically, particularly to avoid wastage of public funds. Consistent with RA 6713 or the Code of Conduct and Ethical Standards for Public Officials and Employees, the staff of the PMO including the Project Manager and co-principals, who will violate the provisions set forth in the Act, will be fined, suspended or replaced, depending on the gravity of the offense.
11. NIA shall strengthen its Project's Monitoring and Evaluation System in order to flag to the NIA management, on a timely basis, the gaps/slippages in implementation as well as the contributory factors for these operational issues. Solutions/actions shall immediately be put forward to address bottlenecks in the implementation of projects.

12. In addition, NIA shall improve its Results Monitoring and Evaluation System to track project progress with respect to outcomes and Impact given that the project's success depends ultimately on the achievement of its development objectives.
13. DA, through the Planning Service (PS) and Field Operation Service (FOS), shall closely monitor the internal compliance of NIA to its submitted Organization Performance Indicator Framework including the attainment of the performance indicators and targets agreed upon between NIA, DA and DBM. NIA's accomplishments shall be one of the bases for the allocation of budget to NIA.
14. Projects which are designed to be implemented by phase shall be subjected to ex-post/impact evaluation at the end of each phase. The result of which shall be the basis for the implementation of the succeeding phase. Specifically, subsequent phase of the project shall be allowed only upon the completion of at least 75% of the target of the preceding project phase.
15. The Budget Strategy of NIA shall be updated annually to reflect changes in cost and implementation schedule. It shall be concurred by the NIA Board and DA, for subsequent endorsement to NEDA and DBM.

The above guidelines will be implemented immediately.



ARTHUR C. YAP
Secretary