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

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MC # 014 ,S. 1989

MEMORANDUM CIRCULAR

TO : REGIONAL IRRIGATION MANAGERS, PROJECT/OPERATIONS MANAGERS, MANAGERS OF OPERATIONS AND INSTITUTIONAL DEVELOPMENT DIVISIONS, IRRIGATION SUPERINTENDENTS, AND ALL OTHERS CONCERNED
NATIONAL IRRIGATION ADMINISTRATION

SUBJECT : REVISED CRITERIA IN THE SHARED-MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEMS OR PART THEREOF TO IRRIGATORS' ASSOCIATION UNDER THREE (3) TYPES

Pursuant to NIA Board Resolution No. 5634-89 dated March 13, 1989 and for the guidance of all concerned, attached is a copy of the "Revised Criteria in the Shared Management (Turnover) of National Systems or Part Thereof to Irrigators' Association Under Three (3) Types". The revisions hereof is in response to the commitment of the National Irrigation Administration to the World Bank under the Irrigation Operations Support Project, Loan No. 2984 PH dated June 13, 1988.

It is directed that the information herein be disseminated to personnel concerned including Irrigators Organization Worker and Irrigation Community Organizers for their proper guidance.

This Memorandum Circular supersedes previous issuances (MCs 14 and 21, series of 1987) inconsistent herewith and shall be effective starting calendar year 1989.

Please be guided accordingly.

FEDERICO N. ALDAY, JR.
Administrator

REVISED CRITERIA IN THE SHARED-MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEM OR PART THEREOF TO IRRIGATORS' ASSOCIATION (IA) UNDER THREE (3) TYPES

The objective of the turnover of a part or whole of an irrigation system to irrigators' association is undertaken pursuant to Section 2-A of PD 552, as amended (NIA charter) which encourages the participation of farmers/IAs in the operation and maintenance of national irrigation systems.

After the farmers have duly organized themselves into an Irrigators' Association (IA) and have registered the association with the Securities and Exchange Commission (SEC), and depending on their organizational maturity, the IA could file a resolution expressing its interest and desire to enter into an agreement with NIA for the assumption of O & M responsibilities under any of the following types of contracts:

TYPE I - Irrigators' Association undertakes routine maintenance works of a certain length of the irrigation canal system.

TYPE II - Irrigators' Association undertakes collections of irrigation service fees from members.

TYPE III - Irrigators' Association requests NIA to turn over a definite part or whole of a national system with an area of less than 1,000 hectares with an understanding that it will amortize the investment and rehabilitation costs of the requested part or whole system before handing over.

REMUNERATION/INCENTIVE GIVEN TO IRRIGATORS' ASSOCIATION FOR ALL NATIONAL SYSTEMS INCLUDING MARIIS AND UPRIIS

TYPE I - A remuneration of ₱610.00 and ₱700.00 for non-viable and viable NISs, respectively, will be paid upon satisfactory maintenance (weeding, trimming canal banks, shaping and removal of debris of a reach of 3.5 kilometers of unlined canals or 7 kms. for lined canal per clearing). The canals shall be maintained as frequently as needed to maintain canal sections free of obstructions. However, desilting activities undertaken by IA will be paid by volume accomplished as per MOA entered by and between NIA and the IA.

TYPE II - Incentives given to IA for undertaking collection of irrigation service fee in all National Irrigation Systems are as follows:

**Collection of ISF from current collectibles:**

| Percent Current Collection | Incentive to IA |
|---|---|
| < 70 | 0 |
| 70 to 79 | 2% |
| 80 to 85 | 4% |
| 86 to 90 | 6% |
| 91 to 95 | 8% |
| 96 to 100 | 10% |

- To be entitled of the incentives, IAs have to collect at least 70% of current ISF collectibles.
- In order to encourage IAs to accelerate the collection of delinquent accounts, a 2% incentive will be credited to IAs for every collected delinquent account.
- An incentive of 25% will be credited to IAs for every collected delinquent account prior to date of effectiveness of the contract.
- The IA share shall be in the same mode of payment as that used for fee collection.

TYPE III - The IAs shall amortize development/construction costs of the turned-over system, at the equivalent cost of 1.5 cavans/hectare/annum; and provided that the amortizing period shall not be more than 50 years.

- The incentives for collecting delinquent accounts shall be as under Type II.

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

MC # 021, s. 1987

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS, DEPARTMENT MANAGERS, REGIONAL IRRIGATION MANAGERS, PROJECT/OPERATIONS MANAGERS, PROVINCIAL IRRIGQTION ENGINEERS, IRRIGATION SUPERINTENDENTS, AND ALL OTHERS CONCERNED NATIONAL IRRIGATION ADMINISTRATION

SUBJECT : INCREASE COMPENSATION FOR CANAL MAINTENANCE TURNOVER

In order to assist the Farmer Irrigators' Associations (FIAs) which have contracts with NIA on "canal maintenance turnover" (Stage I), thereby helping them cope with the present economic crisis, an increase of compensation from ₱610.00 to ₱700.00 per month per Ditchtender's section for all FIAs is hereby authorized, subject to the following terms and conditions:

a) The grant of increase from ₱610.00 to ₱700.00 per month per Ditchtender section shall be computed at the rate of ₱200/km/month and ₱100/km/month for earth and lined canals cleared, respectively;

b) FIAs under Stage I contract aside from participating in the operation and maintenance of the Ditchtender section shall assist in the collection of irrigation service fees from their members;

c) The increase in remuneration is granted only to FIAs with Stage I contract under viable national irrigation systems; however, the rate of ₱610.00 per month per Ditchtender section shall remain the same as FIA's compensation under non-viable irrigation systems; and

d) Any subsequent increases for FIA's compensation under viable national irrigation systems shall be equivalent to thirty percent (30%) of any incremental increase in the salary of a Ditchtender.

This Memorandum Circular shall take effect immediately.

FEDERICO N. ALDAY, JR.
Administrator

March 13, 1987

Signed by FNA 4/9/87

Republika ng Pilipinas
Pambansang Pangasiwaan ng Patubig
(National Irrigation Administration)
Lungsod ng Quezon

MC # 014, s. 1987

MEMORANDUM CIRCULAR

TO : REGIONAL IRRIGATION MANAGERS, PROJECT OPERATION MANAGERS, MANAGERS OF OPERATIONS AND SYSTEMS DEVELOPMENT DIVISIONS, IRRIGATION SUPERINTENDENTS, AND ALL OTHERS CONCERNED

SUBJECT : CRITERIA IN THE SHARED-MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEMS OR PART THEREOF TO IRRIGATORS ASSOCIATION UNDER THREE (3) STAGES

For the guidance of all concerned attached is a copy of the "Standing Criteria in the Shared-Management (Turnover) of National Systems or Part thereof to Irrigators Association Under Three (3) Stages". The general terms and conditions is a result of SWIDA in-depth study on 70 irrigation systems and is in accordance with the views expressed by the Irrigation Superintendents during the Annual Planning Workshop held last quarter of 1985.

It is directed that the information herein be disseminated to personnel concerned including Irrigators Organization Workers and Irrigation Community Organizers for their proper guidance.

Please be guided accordingly.

(SGD.) FEDERICO A. ALDAY, JR.
Administrator

Signed by EAA - 2/23/87

STANDING CRITERIA IN THE SHARED MANAGEMENT (TURN-OVER) OF NATIONAL SYSTEM OR PART THEREOF TO IRRIGATOR'S ASSOCIATION UNDER THREE (3) STAGES.

Generally, the objective of the shared management/turnover of a ditchtenders section to Irrigator's Association is in pursuance vision in the NIA chapter, (P.L. 552, Section 2-a) that is, partici of the farmers/IA in the manag ment of our national irrigation system part thereof.

To help the Irrigators' association in its capital build-up at early stage of existence, NIA is giving incentives for different levels collection efficiency as additional income depending on the assistance/pa ticipation of the association.

STAGE I - The Irrigators' Association participates in the operati and maintenance of the section and also assist in the col lection of irrigation service fees among the members (a Ditchtenders Section).

STAGE II - The Irrigators' Association participates in the operati and maintenance of part of a national system and undertak collection of irrigation service fees among the members (several Ditchtender's Section)

STAGE III - The Irrigators' Association requests for the full turn over of the natio l system with an area of less than 1,00 on condition that they will amortize the investment c habilitation costs before the turn over.

REMUNERATION/INCENTIVE GIVEN TO IRRIGATORS' ASSOCIATION FOR ALL NATIONAL SYSTEMS INCLUDING MARILI

STAGE I - A remuneration of P 610.00 is given per Ditchtender section of not more than 3.5 kilometers for earth canal or kms. for lined canal per clearing; and clearing not to exceed once a month.

- For assisting in collection, an incentive of 2.5% of the total collection of irrigation service fees for a collection efficiency of 70-99% or 3% if collection is greater than 99-100%; provided that 70% of the current collectible is collected; and 10% of the total amount in excess of 100% collection. The denominator in the basis of the current collectible is the gross current collectible.

STAGE II - For collection at breakeven point, percentage share of NIA equal to the sum of system O & M expenses without ditchtender, regional overhead cost and ICO expenses, all prorated to area under shared management times one hundred percent, divided by the product of ninety percent of gross collectibles and break even point.

- For collection above the breakeven point, the [illegible] such that if 100% of current collectibles is collected of collection goes to NIA and 30% goes to IA.

- The term collection is net of the 10% rebate for prompt payment before the specified deadline for each irrigation system.

- In order to deter deliberate delaying of payment by the IA of current accounts, a 2% incentive is given for collection of back accounts incurred during the life of the contract after specific deadline.

- An incentive of 25% is given to the IA for the collection of back accounts incurred prior to the contract effectivity.

STAGE III - The IA amortizes the development/construction cost of the system, at the equivalent cost of 1.5 cavans/hectare/annum; and provided that the amortizing period shall not be more than 50 years.

- For collecting Back Accounts prior to turn-over, 75% goes to the NIA and 25% goes to the IA.

INCENTIVES GIVEN FOR ASSISTING IN THE COLLECTION OF IRRIGATION SERVICE FEE FOR IA IN UPRIIS ARE AS FOLLOWS:

Collection of ISF from the Current Collectibles

| Percent Current Collection | Incentives |
|---|---|
| 70 up to 79 % | 1% |
| 80 up to 85% | 2% |
| 86 up to 90% | 3% |
| 91 up to 94% | 4% |
| 95 up to100% | 5% |
| | 2% from the back accounts collection |

*Breakeven Points = (100 (O & M expenses without DT + Regional Overhead + ICO expenses + P610/month/DT section) / 90% of Gross Collectibles)

METHODOLOGY OF SHARING ISF COLLECTIONS UNDER STAGE II

CONSIDERATIONS:

1. Current collectible is 90% of gross due to 10% rebate for payment before specific deadline for each season.
2. At 100% collection efficiency (net collectible as base), 70% goes to NIA and 30% goes to the IA.
3. Expenditures
   a) O & M cost (system level) direct cost without DT salaries prorated to DT section area plus ICO salaries prorated on the number of DT section organized.
   b) Regional overhead (O & M Div. and IDD Div. prorated to no. of DT section organized by the irrigation systems).
4. Cropping Intensity = $\frac{225 + 125}{245} \times 100 = 153\%$
5. System's Personnel - collection credited to the IA for the purpose of computing breakeven point and collection incentive.
6. System-DT section/IA breakeven collection efficiency.

1st Step:

Compute:

a) Current collectible and net collectible
b) Total O & M cost
c) Regional overhead
d) DT canal maintenance expenses at six hundred ten pesos (₱610.00) per month per DT section.

2nd Step:

Established system-DT section/IA breakeven collection

efficiency of the area under consideration in such a way that at such level, all system/DT section expenditures were already recovered and the IA has earned ₱610.00 per month per Ditch Tender [illegible]

3rd Step:

The amount of ISF collection over and above the established system collection efficiency should be shared at a ratio to the [illegible] IA sharing of 70-30 percent respectively at 100% collection.

Hypothetical Example:

Assumptions:

| | |
|---|---|
| Region's NIS Service Area | = 29,968 has. |
| System's service area | = 2,000 has. |
| No. of DT section under Joint Management | = 2 |
| Area of DT section under Joint Management | = 250 has. |
| No. of ICO for the DT section under Joint Management | = 1 |
| Salary of ICO | = ₱25,000.00/annum |
| Total system expenditure without DT | = ₱320,763.00/annum |
| O & M Division (Region) | = ₱162,000.00/annum |
| IDD Division (Region) (NIS only) | = ₱96,000.00/annum |
| Price of Palay | = ₱3.50/kg. |

Computations:

1. Benefited area/collection under joint management

   Wet Season - 225 has.

   Dry Season - 125 has.

e) Current collectibles under joint management

W = 425 x 100 x P3.50 = P 78,750.00

D = 125 x 150 x P3.50 = 65,625.00

Total = P144,375.00

Net Collectibles = .90 x 144,375

= P 129,937.50

2. Total Expenditures

O & M Div. & IDD Div. (IIS Only) = P 162,000 + 96,000 / 29,958 x 250

= P 2,153 / annum

System w/o DF = P 320,763 / 2,000 x 250

= P 40,095/annum

Salary IDD = P 25,000/annum

Lawshare at P 610 per month/dieselender section

= P 610 x 2 x 12

= P 14,640.00

Total = P 81,300.00

DF section, IA breakeven collection efficiency

= P 81,300 / P 129,937.50 x 100 = 63.00%

3. Sharing

a. First Quadrant Sharing

IA = 2,153 + 40,095 + 25,000 / .630 x 129,937.50 x 100 = 82.10%

IA = 14,640 / .6302 x 129,937.50 x 100 = 17.90%

b. Second quadrant sharing

$$= \frac{(70 - 0.3212 \times 63.02)}{100 - 63.02} \times 100 = 49.35\%$$

$$= 100 - 49.35 = 50.65\%$$

c. Total [illegible] share at 100% collection

1st quadrant = 0.3212 x 0.6302 x [illegible]

= ₱ 57,245.29

2nd quadrant = 0.4935 x (1-0.6302) x 129,937.50

= ₱ 23,713.11

Total = ₱ 80,958.40

1st quadrant = 0.1736 x 0.6302 = 129,937.50

= ₱ 14,541.33

2nd quadrant = 0.5065 x (1-0.6302) x 129,937.50

= ₱ 24,337.77

Total = ₱ 38,879.10

| | |
|---|---|
| [illegible] 49.35% | [illegible] 50.65% |
| [illegible] share = 0.4935 x 0.5698 = 129,937.50 = ₱ 23,713.11 | [illegible] share = 0.5065 x [illegible] = 129,937.50 = ₱ 21,337.77 |
| [illegible] section [illegible] [illegible] efficiency = 63.02% | |
| [illegible] 32.12% | [illegible] 17.36% |
| [illegible] share = 0.3212 x 0.[illegible] = 129,937.50 = ₱ 57,245.29 | [illegible] share = 0.1736 x 0.[illegible] = 129,937.50 = ₱ 14,541.33 |

Total La Suerte = P 5,245.20 + P 25,715.11

= P 30,960.40

Porcentaje = 30,960.40 x 100 = 70.00%
129,937.50

Total La Nueva = P 1,541.33 + P 24,937.77

= P 30,779.10

Porcentaje = 30,979.10 x 100 = 30.00%
129,937.50

SELLING

70 30

SALDO DE CAJA

La 50% | La 50%

CAPITAL PORTAL

La 80% | La 20%

CAPITAL CAJA P

[illegible] Share (%) = (... + 0) x 100
0.9 x UII x ...P

In Share (%) = ... x 100
0,9 x 3 II x ...

3. ... D ... = In breakeven point to 100 % collec...
...er the ...P ... deserves exem...
Central Office overhead and some ...
...er cases while ... receives some ...
...k capital build up. ... under ...
to be viable should collect 70% or 90%
of taxes collectible.

... Share = 70 - ... Share on First quadrant x ... ) x ...
100 ...

In Share = ... In Share Second quadrant