

[DBM JOINT CIRCULAR NO. 1-92, January 20, 1992]

GUIDELINES IN THE TRANSFER OF COSTS AND CORRESPONDING OBLIGATIONS OF COMPLETED/EXISTING INFRASTRUCTURE PROJECTS OF THE NATIONAL IRRIGATION ADMINISTRATION TO THE NATIONAL GOVERNMENT AND FOR OTHER PURPOSES

1.0

Background and Purpose

This Circular is issued to provide the guidelines and procedures implementing *Section 7* of the Special Provisions of DPWH in *R.A. No. 6831*, *R.A. No. 7078* and *R.A. No. 7180*, quoted as follows:

"Treatment of Infrastructure Projects of the National Irrigation Administration. All infrastructure projects undertaken by the National Irrigation Administration and funded out by appropriations from the National Government shall, in like manner as the Department of Public Works and High-ways and other Infrastructure Agencies be considered as projects of the National Government. For this purpose, the costs and the corresponding obligations of the completed/existing infrastructure projects of the National Irrigation Administration shall be transferred to the National Government. The necessary adjustments in the books of the National Irrigation Administration, the Bureau of the Treasury and the Department of Public Works and Highways shall be made in accordance with the rules and regulations to be jointly formulated by the Department of Finance and the Department of Budget and Management in consultation with the Commission on Audit."

2.0

Definition of Terms

2.1 Cost refers to the total capital input for construction and rehabilitation of infrastructure projects which are funded by appropriations from the national government either as subsidy, equity or loan/grant proceeds.

2.2 Obligations refers to the indebtedness (both domestic and foreign) incurred for the implementation of infrastructure projects. These will include all pertinent obligations incurred prior to 1990.

2.3 Infrastructure Projects refers to those projects undertaken by the National Irrigation Administration specifically for irrigation purposes classified as National Irrigation system/Project and Communal Irrigation System/Project. These shall include dams; canals and the rights-of-way, buildings and land thereon;

construction, transport and office equipment; and pumping plants, if any.

2.4 Irrigation systems/projects refers to those completed/on-going irrigation facilities built for the purpose of supplying water for agricultural production.

2.5 National Irrigation systems/projects refers to those irrigation facilities which are more than 1,000 hectares in coverage, constructed and operated by the National Irrigation Administration and for services rendered, farmers are paying Irrigation Service Fees.

2.6 Communal Irrigation systems/projects refers to those irrigation facilities which are generally less than 1,000 hectares, constructed by NIA but are eventually turned-over and operated by Irrigators' Associations (IAs), the recoverable direct costs of which, are amortized by the IAs for not more than fifty (50) years.

2.7 Irrigators' Association refers to farmer organizations initially formed with the assistance of NIA for the purpose of making them self-reliant.

3.0 Coverage

For purposes of this Circular, the costs and the corresponding obligations of the completed/existing infrastructure projects of NIA to be transferred to the national government are the following:

3.1 Completed Projects. Construction and capitalized rehabilitation cost of fully operational national and communal irrigation systems funded out of appropriations from the national government either as equity, subsidy and/or loan/grant proceeds and the corresponding obligations on loans contracted therefor (both foreign and domestic).

3.2 Existing Projects. Accumulated cost or outstanding obligations of on-going infrastructure irrigation facilities for national and communal irrigation systems booked-up by NIA until December 31, 1989.

4.0 Guidelines

4.1 A physical inventory of national and communal irrigation systems' assets shall be undertaken and reconciled with NIA's book of accounts prior to the transfer of the costs and corresponding obligations of said projects to NG.

4.2 The obligations corresponding to the assets to be transferred shall be duly reckoned with and consistent with BTR records.

4.3 The transfer of assets and obligations shall be effected by the agencies in their respective books.

4.4 All relending agreements entered into between the National Government and the National Irrigation Administration for foreign-assisted projects prior to CY 1990 are hereby rendered ineffective.