

REPUBLIC ACT No. 3601

AN ACT GRANTING THE NATIONAL IRRIGATION ADMINISTRATION

ARTICLE I Establishment and Objectives

Section 1. *Name and domicile.* A body corporate is hereby created which shall be known as the National Irrigation Administration hereinafter called the NIA for short, which shall be organized immediately after the approval of this Act. It shall have its principal seat of business at the City of Manila and shall have representative in all provinces for the proper conduct of its business.

Section 2. *Powers and objectives.* The NIA shall have the following powers and objectives:

- (a) To investigate, study, improve, construct and administer all international irrigation systems in the Philippines;
- (b) To investigate all available and possible water resources in the country for the purpose of utilizing the same for irrigation, and to plan, design and construct the necessary projects to make the ten to twenty-year period following the approval of this Act as the Irrigation Age of the Republic of the Philippines;
- (c) To collect from the users of each irrigation system constructed by it such fees as may be necessary to finance the continuous operation of the system and reimburse within a certain period not less than twenty-five years the cost of construction thereof; and
- (d) To do all such other things and to transact all such business as are directly or indirectly necessary, incidental or conducive to the attainment of the above objectives.

ARTICLE II Capitalization

Section 3. *Working capital.* The working capital of the NIA shall be three hundred million pesos, to be subscribed and paid entirely by the Government of the Republic of the Philippines through bonds to be floated by the Central Bank, which shall deliver annually to the NIA the sum of thirty million pesos until its whole capital stock is fully paid.

The President of the Philippines is authorized to issue, preferably in the Philippines, or abroad if necessary, in the name and behalf of the Republic of the Philippines, bonds in such amounts as may be needed to cover the annual subscription of the Government to the capital stock of the NIA.

The Secretary of Finance, in consultation with the Monetary Board, shall prescribe the form, the rate of interest, the denomination, maturity, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption, and payment of all bonds issued under the authority of this Act.

The bonds issued under the authority of this section may be made payable, both as to principal and interests, in Philippine currency or any readily convertible foreign currency.

Nothing in this section shall be interpreted to mean that the Secretary of Finance, in the redemption of securities, is prevented from applying the lottery principle by which bonds, drawn by lot, may be redeemed before maturity either at their face value or above.

The bonds to be issued under this Act shall be exempted from taxation by the Government of the Republic of the Philippines or by any political subdivision thereof, which fact shall be stated on their face in accordance with this Act under which the said bonds are issued; and shall likewise be exempt from attachment, execution or seizure.

All amounts delivered to the NIA by the Central Bank as herein provided shall, beginning with the sixth year after their actual delivery, be returned by the NIA to the Central Bank in fifty equal yearly installments.

All amounts collected by the NIA as irrigation fees shall be added to its operating capital.

For the purpose of implementing the powers of the NIA, it is hereby authorized to obtain loans for and in behalf of the Republic of the Philippines, out of the proceeds of the sale of imported surplus agricultural commodities, under the terms and conditions set forth in Title IV of the United States Public Law Numbered Four hundred and eighty.

A sinking fund shall be established in such manner that the total annual contributions thereto, accrued as at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this Act. Said fund shall be under the custody of the Central Bank of the Philippines which shall invest the same in such manner as the Monetary Board may approve; shall charge all expenses of such investment to said sinking fund, and shall credit the same with the interest on investments and other income belonging to it.

A standing annual appropriation is hereby made, out of any funds in the National Treasury not otherwise appropriated, of such sum which, added to the yearly installments returned by the NIA to the Central Bank as herein provided, shall be sufficient to provide for the sinking fund herein created and for the interest on bonds issued by virtue of this Act. Such sum as may be necessary is hereby further appropriated, out of any funds in the National Treasury not otherwise appropriated, to cover the expenses of the issue and sale of the bonds authorized by this Act.

ARTICLE III **Governing Body**

Section 4. Board of Directors. The powers and functions of the NIA shall be exercised by a Board of Directors composed of seven members, to wit: The Secretary of Public Works and Communications, who shall be the Chairman, the Secretary of Agriculture and Natural Resources, the Chairman of the Board of Directors of the National Power Corporation, the Director of Plant Industry, the Director of Agricultural Extension, and two other members who shall be appointed by the President of the Philippines, one on recommendation of any national rice and corn organization of good standing and the second, on the recommendation of the minority party through its duly authorized officers, and with the consent of the Commission on Appointments, and who shall serve for a term of six years, with the exception of the two first appointees, one of whom shall serve only for two years, and the other for four years. Any person appointed to fill a vacancy in the Board shall serve only for the unexpired term of the appointive member whom he succeeds.

For actual attendance at meetings, each member of the Board shall receive a per diem of twenty-five pesos, but the total amount of per diems that a member may receive in a month shall in no case exceed one hundred pesos.

Section 5. Powers and duties of the Board of Directors. The Board of Directors shall have the following powers and duties:

- (a) To prescribe, amend and repeal, with the approval of the President of the Philippines, rules and regulations governing the manner in which the general business of the NIA may be conducted, including provisions for the formation of such committee or committees as the Board may deem necessary to facilitate its business;
- (b) With the approval of the President, to appoint, and fix the compensation of, an Irrigation Administrator, an Assistant Irrigation Administrator from a list of names submitted by the Irrigation Administrator, a secretary and a treasurer, and, by a majority vote of all the members, to suspend and/or remove the said officials for cause, with the approval of the President; and
- (c) To approve, subject to the final action of the President, the annual and/or supplemental budgets of the NIA which may be submitted to the Board by the Irrigation Administrator from time to time.

Section 6. Prohibition for Board Members. The chairman and other members of the Board of Directors shall not at the same time serve with the NIA in any other capacity, unless so authorized by the President.

ARTICLE IV Management

Section 7. Managing Head. The management of the NIA shall be vested in the Irrigation Administrator.

Section 8. Powers and duties of the Irrigation Administrator. The Irrigation Administrator shall have the following powers and duties:

- (a) To direct and manage the affairs and business of the NIA, on behalf of the Board of Directors and subject to its control and supervision;
- (b) To sit in all meetings of the Board and participate in its deliberations, but without the right to vote;
- (c) To submit within sixty days after the close of each fiscal year an annual report, through the Board of Directors to the President of the Philippines;
- (d) With the approval of the Board, to appoint and fix the number of such subordinate personnel as may be necessary for the proper discharge of the duties and functions of the NIA, and, with the approval of the Board, to remove, suspend, or otherwise discipline, for cause, any subordinate employee of the NIA; and
- (e) To perform such other duties as may be assigned to him by the Board from time to time.

ARTICLE V
Appointments and Promotions

Section 9. *Applications of Civil Service Law and Rules.* All officers and employees of the NIA shall be subject to the Civil Service Law and Rules, except those whose positions may, upon recommendation of the Board of Directors, be declared by the President as policy-determining, primarily confidential or technical in nature.

ARTICLE VI
Audit

Section 10. *Auditor and personnel under him.* The Auditor General shall appoint a representative who shall be the Auditor of the NIA, and the necessary personnel to assist said representative in the performance of his duties. The number and salaries of the Auditor of the NIA and the personnel under him shall be determined by the Auditor General, subject to appropriation by the Board of Directors. In case of disagreement, the matter shall be submitted to the President of the Philippines, whose decision shall be final. Said salaries and all other expenses of maintaining the Auditor's Office shall be paid by the NIA.

Section 11. *Report.* The financial transactions of the NIA regulations, and the principles and procedures applicable shall be audited in accordance with law, administrative to corporate transactions. A report of audit for each fiscal year shall be submitted, within sixty days after the close of the fiscal year, by the representative of the Auditor General, through the latter, to the Board of Directors, and copies thereof shall be furnished the President of the Philippines and the presiding officers of the two Houses of Congress. The report shall set forth the scope of the audit and shall include a statement of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expenses; a statement of sources and application of funds and such comments and information as may be necessary, together with such recommendation with respect thereto as may be advisable including report of any impairment of capital noted in the audit. The report shall also show specification any program, expenditures, or other financial transaction or undertaking observed in the course of audit which, in the opinion of the Auditor, has been carried on or made without authority of law.

ARTICLE VII
Miscellaneous provisions

Section 12. *Abolition of the Irrigation Division of the Bureau of Public Works.* The Irrigation Division of the Bureau of Public Works is hereby abolished, and all its personnel, unexpended appropriations, functions, duties, equipment, records, assets and liabilities are transferred and assigned to the NIA.

Section 13. *Applicability of the Corporation Law.* The provisions of the Corporation Law which are not inconsistent herewith shall be applicable to the NIA.

Section 14. *Implementation.* The President of the Philippines shall by executive order issue such rules and regulations as may be necessary to implement this Act.

Section 15. *Repealing clause.* All laws, Acts, executive orders, administrative orders, rules and regulations, or parts thereof inconsistent herewith are repealed or modified accordingly.

Section 16. *Effectivity.* This Act shall take effect upon its approval.

Approved: June 22, 1963