

**REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
QUEZON CITY**

**THIRTEENTH CONGRESS
Second Regular Session**

House Bill No. 5844



Introduced by Representative Rodriguez D. Dadivas

EXPLANATORY NOTE

The construction industry is one of the vital sectors of the economy accounting for 43.0% of Gross Fixed Capital Formation, 4.2% of Gross Domestic Product, and employing 1.708 million workers or 5.3% of the country's domestic employment in 2005. It provides the basic physical, industrial, commercial and social infrastructure facilities necessary for the growth and development of other equally important major sectors of the economy such as agriculture, manufacturing, and services. Without an effective, resourceful, and robust local construction industry, the provision of infrastructure facilities would be endangered, seriously reducing the chances for improving living conditions and meeting the Filipino's basic needs for shelter, water, electricity, transport, schools, hospitals, and the critical structures vital to nation building and the growth of the economy. The sector is also venturing into international markets generating foreign exchange earnings of about US\$25.02 Million on the average per year and providing employment to 1,550 Filipino overseas workers.

In recognition of the industry's strategic role and importance in the economy and to address the need to ensure public safety and welfare in its operations, several laws were passed. In 1965, R.A. 4566 or the Contractors' License Law was enacted to regulate the contracting sector of the industry to ensure that only reliable, competent and qualified contractors are allowed to engage in construction in the country. To assist the industry in tapping the opportunities of a booming Middle East construction market, P.D. 1167 was passed in 1977 providing for incentives and the registration of overseas contractors and consulting firms. To address the need for a central agency to deal with the problems of the industry and the lack of cohesive government policies on matters affecting the sector, P.D. 1746 was promulgated in 1980 creating the Construction Industry Authority of the Philippines (CIAP), an attached agency of the Department of Trade and Industry (DTI), mandated to promote, accelerate and regulate the growth and development of the construction industry in conformity with national goals. The following agencies were placed under the jurisdiction and supervision of the CIAP to act as its implementing arms:

- a) the Philippine Contractors Accreditation Board (PCAB) replacing the Philippine Contractors Licensing Board created under RA 4566;
- b) the Philippine Overseas Construction Board (POCB) created under PD 1167;
- c) the Philippine Domestic Construction Board (PDCB); and
- d) the Construction Manpower Development Foundation (CMDF).

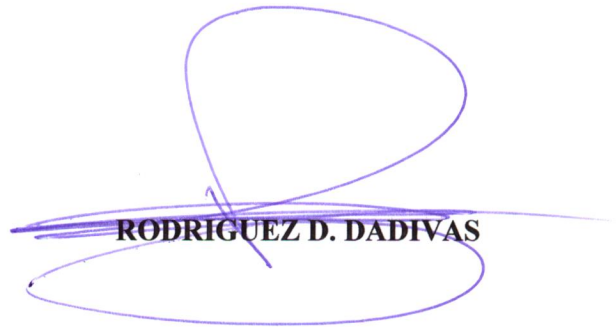
In 1985, the Construction Industry Arbitration Commission (CIAC) was created under E.O. 1008 for the resolution of construction disputes. The CIAC was placed under the administrative supervision of the PDCB.

With the changing business environment and the trend towards globalization, the present laws, powers, structure, policies and programs of the CIAP and its boards may no longer be attuned and appropriate to address the multiplicity of problems affecting the growth and development of the Philippine construction industry and capability to fulfill its role in nation-building. This measure aims primarily to ensure the following:

- a) Setting of global standards for the various sectors of the construction industry;
- b) Developing/implementing regulatory and developmental programs for the improvement and growth of the construction industry;
- c) Providing opportunities for Filipino participation in the local and overseas markets; and
- d) Establishing mechanisms for more efficient delivery of public services for the construction sector.

This bill is also intended, among others, to integrate the CIAP and its implementing boards into one unified structure and to empower it to generate the resources needed and use them to effectively regulate and develop the industry and to enhance its contributions to the economy without additional strain on the Government's limited resources.

In view of the foregoing reasons, the approval of this bill is earnestly sought.



RODRIGUEZ D. DADIVAS

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

Third Regular Session

House Bill No. 5844

Introduced by Representative RODRIGUEZ D. DADIVAS

**AN ACT
TO STRENGTHEN THE CONSTRUCTION INDUSTRY, CREATING
THE PHILIPPINE CONSTRUCTION INDUSTRY DEVELOPMENT
AUTHORITY AND FOR OTHER PURPOSES**

Be it enacted by the Senate and House of Representatives of the Philippines in Congress Assembled:

**CHAPTER I
GENERAL PROVISIONS**

SECTION. 1. Short Title. - This Act shall be known as “THE PHILIPPINE CONSTRUCTION INDUSTRY DEVELOPMENT ACT.”

SEC. 2. Declaration of Policy. - It is the declared policy of the State to encourage, promote, support and enhance the orderly growth and development of the construction industry in the Philippines, through the development and upgrading of the qualifications and competitiveness of construction contractors, consultants, managers, and workers, as well as the professional, technical and financial capabilities of the industry in consonance with national interests and public safety.

SEC. 3. Scope and Coverage. - This Act shall cover all persons, natural or juridical, who are involved in the construction industry such as, but not limited to, construction constructors and construction sub-contractors, specialty contractors, “pakyaw” contractors, designers, consultants, manufacturers, suppliers and dealers of construction materials, project managers, supervisors, construction workers, construction project owners whether public or private, the Building Officials, and industry associations, councils and organizations.

SEC. 4. Definition Of Terms. -

a) Act – shall mean Republic Act _____.

- 1 b) Authority or PhilCIDA- Refers to the Philippine Construction Industry Development
2 Authority (PhilCIDA) as established under this Act.
3
- 4 c) Construction Contractor – Synonymous to the term “constructor” and “builder”; refers
5 to any person who undertakes or offers to undertake or purports to have the capacity
6 to undertake or submit a bid to, or does by himself or through others construction
7 works, such as but not limited to, construct, excavate, alter, repair, add to, subtract
8 from, improve, move, wreck or demolish any building, highway road, railroad, or
9 other structure, projects, development or improvement, or to do any part thereof,
10 including the erection of scaffolding or other structures or works in connection
11 therewith. As such, the term contractor includes subcontractor and specialty
12 contractor.
13
- 14 d) Construction Contracting – Refers to the act of providing all services for new
15 construction works, rehabilitation works, improvement works, expansion works, and
16 such other related works and activities including the necessary supply of labor and
17 services, as well as the supply/fabrication and installation of materials, equipment and
18 related items needed to effect such works.
19
- 20 e) Construction Industry - One of the major sectors of the economy which includes all
21 undertakings in the areas of project conceptualization and development; architectural
22 and engineering design; construction planning and management; construction
23 contracting and project execution; construction materials manufacture and supply;
24 construction equipment manufacture and supply; construction credit and finance;
25 construction insurance and suretyship; construction manpower supply; construction
26 manpower training and development; construction safety practitioners, providers and
27 promoters; and all other related areas.
28
- 29 f) Construction Projects - includes the erection, improvement, development,
30 rehabilitation, demolition, repair, restoration or maintenance of buildings, roads and
31 bridges, railways, airports, seaports, communication facilities, civil works
32 components of information technology projects, irrigation, flood control and drainage,
33 water supply, sanitation, sewerage and solid waste management systems, shore
34 protection, energy/power and electrification facilities, off-shore engineering works,
35 and other structures.
36
- 37 g) Consultants in construction – are persons (as defined in this Act) offering,
38 undertaking, rendering, engaging in, or purporting to have the capacity to undertake
39 or render professional, technical, financial, and other services for construction
40 projects such as, but not limited to, architecture and/or engineering design, planning,
41 surveying, supervision, and other construction-related management consultancy
42 services and project development.
43
- 44 h) Domestic Construction – Refers to all types of construction projects undertaken in the
45 Philippines irrespective of the funding source.
46
- 47 i) Filipino Construction Contractor - shall mean a Filipino citizen, or a partnership of
48 Filipino citizens, or a corporation or other juridical person or entity, of which, in the
49 case of a corporation, at least sixty percent (60%) of its capital stock outstanding and

entitled to vote, is owned and held by Filipino citizens and at least sixty percent (60%) of the Board of Directors thereof are Filipino citizens, and in the case of any other juridical person or entity, at least sixty percent (60%) of its equity is owned and held by Filipino citizens. For locally funded government construction projects, the term shall mean Filipino individuals or corporations, partnerships or associations, of which seventy five percent (75%) of the capital stock outstanding and entitled to vote, is owned by Filipino citizens.

- j) Foreign Construction contractor – is a construction contractor other than a Filipino construction contractor provided that it is registered with the Securities and Exchange Commission to do business in the Philippines and is duly licensed, registered and/or accredited to do construction work by the Authority.
- k) Foreign-funded Projects – shall mean construction projects that are financed, wholly or in part, by foreign financial institutions such as, but not limited to, the World Bank (WB), the Asian Development Bank (ADB), the Islamic Development Bank (IDB), the Japan Bank for International Cooperation (JBIC) and other foreign sources.
- l) General building contractor - is a person whose principal contracting business is in connection with any structure built, being built, or to be built, for the support, shelter and enclosure of persons, animals chattels or movable property of any kind, requiring in its construction the use of more than two unrelated building trades or crafts or to do or superintend the whole or any part thereof. Such structure includes sewers and sewerage disposal plants and systems, parks, play-grounds and other recreational works, refineries, chemical plants and similar industrial plants requiring engineering and architectural knowledge and skill, powerhouses, power plants and other utility plants and installations, mines and metallurgical plants, cement and concrete works in connection with the above-mentioned fixed works.
- m) General engineering contractor- is a person whose principal contracting business is in connection with fixed works requiring engineering knowledge and skill, including the following divisions or subjects: irrigation, drainage, water power, water supply, flood control, inland waterways, harbors, docks and wharves, shipyards and ports, dams, hydro-electric projects, levees, river control and reclamation works, railroads, highways, streets and roads, tunnels, airports and airways, waste reduction plants, bridges, overpasses, underpasses and other similar works, pipelines and other system for the transmission of petroleum and other liquid or gaseous substances, land leveling and earth moving projects, excavating, grading, trenching, paving and surfacing work.
- n) Government Agencies - Refers to any department, bureau, office, commission, authority or agency of the national government and local government units, including government-owned or controlled corporations, authorized by law or their respective charters, to contract for or undertake infrastructure or construction projects of any nature.
- o) Overseas Construction – Refers to all types of construction works, projects or consulting services undertaken by a construction contractor or consultant in

- 1 construction outside the Philippines. This term includes overseas work, which are in
2 support of, and necessary to construction.
3
- 4 p) Persons – Include an individual, firm, partnership, corporations, association or other
5 organization, or any combination thereof.
6
- 7 q) Public Construction – Refers to all types of construction projects, such as but not
8 limited to infrastructure works for and in behalf of the national government or any of
9 its instrumentalities, local government units, including government-owned and/or
10 controlled corporations, whether these be executed by administration or by contract
11 and irrespective of funding source.
12
- 13 r) EO 1008 - Refers to Executive Order No. 1008 also known as the Construction
14 Industry Arbitration Law.
15
- 16 s) PD 1746- Refers to Presidential Decree No. 1746 creating the Construction
17 Industry Authority of the Philippines.
18
- 19 t) PD 1167- Refers to Presidential Decree No. 1167 creating the Philippine
20 Overseas Construction Board.
21
- 22 u) Private Construction – refers to all types of construction projects which do not fall
23 under the term "public construction", irrespective of owner's nationality.
24
- 25 v) RA 4566- Refers to Republic Act No. 4566, otherwise known as the Contractors'
26 License Law.
27
- 28 w) RA 9184 – Refers to Republic Act No. 9184 also known as the Government
29 Procurement Reform Act.
30
- 31 x) RA 9285 – Refers to Republic Act No. 9285 also known as the Alternative Dispute
32 Resolution (ADR) Law.
33
- 34 y) Specialty contractor - is a person whose operations pertain to the performance of
35 construction work requiring special skill and knowledge, and whose principal
36 contracting business involves the use of specialized building or construction trades or
37 crafts.
38
39
40

41 CHAPTER II

42 PHILIPPINE CONSTRUCTION INDUSTRY DEVELOPMENT AUTHORITY

43

44 **SEC. 5. Creation and Composition.** - There is hereby created the Philippine
45 Construction Industry Development Authority (PhilCIDA or Authority) which shall exercise
46 corporate, developmental, adjudicatory and regulatory powers and functions through a Board
47 of Directors composed of the Secretary of Trade and Industry as Chairman, and the
48 Secretaries of Public Works and Highways, Interior and Local Governments, Transportation
49 and Communications, Labor and Employment, the President of the Philippine Constructors

1 Association, Inc. (PCA), and five (5) private sector members composed of one representative
2 each from the construction contracting sector, consulting sector, materials
3 manufacturers/suppliers, workers and project owners, to be appointed by the Chairman
4 upon the nomination of a council to be composed of the PCA, Confederation of Filipino
5 Consultants (COFILCO), Subdivision and Housing Developers Association (SHDA),
6 Philippine Chamber of Commerce and Industry (PCCI), and Association of Carriers and
7 Equipment Lessors (ACEL). The Construction Industry Authority of the Philippines (CIAP),
8 Philippine Overseas Construction Board (POCB), Philippine Contractors Accreditation Board
9 (PCAB), and Philippine Domestic Construction Board (PDCB), and Construction Manpower
10 Development Foundation (CMDf) are hereby abolished and all their funds, records,
11 personnel and properties are hereby transferred to the Authority. However, the Construction
12 Industry Arbitration Commission (CIAC) except for its personnel, shall continue to exist as
13 an independent body which shall be attached to the Authority for purposes of policy and
14 program coordination.
15

16 Any private sector member of the Authority may be removed by the Secretary of
17 Trade and Industry for neglect or dereliction of duty, incompetence, malpractice, and
18 unprofessional, unethical, immoral or dishonorable conduct: Provided that, in the course of
19 investigation, the Secretary shall have the power to suspend such member under investigation
20 and designate a temporary member in his place.
21

22 The private sector members of the Authority are hereby authorized to continue to engage
23 in their branches of the construction industry and the practice of their professions during their
24 tenure and immediately after resignation or separation from public office.
25

26 **SEC. 6. Powers, Duties and Objectives.** - The Philippine Construction Industry
27 Development Authority is hereby vested with powers and authority over the Philippine
28 construction industry, including construction contracting and related activities of contractors,
29 subcontractors, construction managers, consultants, and providers of construction manpower
30 services in the Philippines and overseas, manufacturers and suppliers of construction
31 materials. It is tasked to develop and promote the viability, stimulate and accelerate the
32 development, growth, improvement, expansion of the construction industry of the
33 Philippines, and to regulate and supervise the business and exercise of profession in the
34 construction industry. For this purpose, the Authority is vested with the following powers and
35 duties:
36

- 37 a) Formulate and implement policies, standards and best practices for the construction
38 industry, including the formulation, issuance and enforcement of policies, guidelines,
39 rules and regulations for licensing, registration, and/or accreditation of contractors,
40 consultants, and other construction service providers, to carry out the provisions of
41 this Act;
42
- 43 b) Establish a comprehensive and long-term development plan to ensure the continued
44 viability of the local construction industry based on sustained economic growth and
45 for a more equitable distribution of domestic and overseas opportunities for Filipino
46 enterprises and workers, in conformity with the constitutionally mandated goals of
47 national economy;
48

- 1 c) Monitor, research on, and study the construction industry in the Philippines and in
2 other countries, to identify and address problems, enhance growth, develop programs,
3 recommend, support and implement policies, legislation and other measures for the
4 optimum development of the construction industry;
5
- 6 d) Prescribe and issue policies, rules and regulations, circulars and guidelines pertinent
7 to its powers and functions;
8
- 9 e) Establish a compensation plan, position classification system, and qualification
10 standards for its officers and staff based on a comprehensive job analysis and audit of
11 actual duties and responsibilities;
12
- 13 f) Make a periodic review of its organizational and operational capability, and effect a
14 re-structuring, upgrading, or the creation of new plantilla positions and acquisition of
15 appropriate resources as may be deemed necessary. For this purpose, the Authority
16 may use its income, subject to government auditing rules and regulations;
17
- 18 g) Develop and maintain a construction industry information system that will be
19 accessible to the public;
20
- 21 h) Establish a funding mechanism to carry out its programs and activities including the
22 provision of resources to accredited and/or designated government agencies in the
23 implementation of the Authority's functions;
24
- 25 i) Assess and collect fees and other assessments, impose levies, receive grants to
26 promote and develop the construction industry, administer its funds including grants
27 received, and provide incentives under such guidelines approved by the Board;
28
- 29 j) Investigate any violation of this Act and its Rules and Regulations and other
30 complaints within the contemplation of this Act, issue subpoena *ad testificandum* and
31 *duces tecum*, cite for contempt, issue cease and desist orders, and conduct ocular
32 inspection and other proceedings as may be deemed necessary;
33
- 34 k) Prosecute, in coordination with the Department of Justice, violators of this Act and/or
35 any of its rules and regulations;
36
- 37 l) Approve the annual budget of the Authority;
38
- 39 m) Adopt, alter and use a corporate seal; enter into contracts, lease, own or otherwise
40 dispose of personal or real property; sue and be sued; and otherwise carry out its
41 duties and functions as provided for in this Act;
42
- 43 n) Submit an annual report of its activities to the Secretary of Trade and Industry;
44
- 45 o) Adopt measures for the enforcement of this Act and other relevant laws, statutes, rules
46 and regulations and perform such other functions necessary to achieve its objectives,
47 properly exercise its authority and effectively discharge its functions and duties.
48

1 **SEC. 7. Organization.** - The Authority shall be attached to the Department of Trade
2 and Industry for policy and program coordination. It shall have a General Manager to be
3 appointed by the Secretary of Trade and Industry upon the recommendation of the Board of
4 Directors. The General Manager shall be the Chief Executive Officer of the Authority and is
5 responsible to the PhilCIDA Board of Directors. He must be a natural-born citizen of the
6 Philippines, at least thirty five (35) years of age on the day of his appointment, holder of a
7 college degree with at least ten (10) years of experience relevant to the construction industry,
8 and of proven competence, integrity, probity and independence. He shall perform such
9 functions and duties as may be prescribed by the Board.

10
11 For purposes of this SEC., the Board shall organize the Authority by creating
12 departments, committees and such other offices as it may deem necessary for the proper
13 exercise of its powers and the efficient performance and discharge of its functions, duties
14 and responsibilities.

15
16 **SEC. 8. Meetings.** - Regular meetings of the Board of Directors of the Authority shall
17 be held at least once a month but special meetings may be held as often as may be deemed
18 necessary; *Provided* that, in the absence or incapacity of the department secretaries to attend
19 any regular or special meeting of the Board, the next ranking undersecretary shall attend and
20 be vested with the same power and authority as a regular member.

21
22 **SEC. 9. Compensation.** - The members of the Board of Directors of the Authority
23 shall be entitled to per diems and honoraria as may be approved by the Board. They shall
24 serve without service credit, benefit or pay except the approved per diems and honoraria.

25
26 **SEC. 10. Personnel.** - The Authority shall provide for an organization for its officers
27 and staff. All positions in the Authority shall be permanent and governed by a compensation,
28 position classification system and qualification standards based on a comprehensive job
29 analysis and audit of actual duties and responsibilities. The compensation plan shall be subject
30 to the periodic review by the Authority no more than once every two (2) years without
31 prejudice to yearly merit reviews or increases based on productivity and performance. The
32 Authority shall be exempt from the provisions of the Salary Standardization Law and the
33 Attrition Law.

34
35 Subject to Civil Service laws, rules and regulations, no officer or employee of the
36 Authority shall be removed or suspended except for cause, as provided for by law.

37
38
39 **CHAPTER III**
40 **CONSTRUCTION INDUSTRY DEVELOPMENT**

41
42 **SEC. 11. Developmental Functions.** -

- 43
44 a) Formulate and issue policies and guidelines for the development of the construction
45 industry and the efficient, safe and effective implementation of public and private
46 construction projects in the country;
47
48 b) Develop and promote adherence to quality standards in construction design and
49 execution, including but not limited to, the implementation of the Constructors

- 1 Performance Evaluation System (CPES) program or its equivalent for public and
2 private construction projects;
3
- 4 c) Accredite qualified Constructors Performance Evaluators for public and private
5 construction projects;
6
- 7 d) Conduct periodic review and evaluation of constructors performance ratings and
8 adopt or recommend appropriate measures to improve the quality and safety of
9 construction;
10
- 11 e) In coordination with relevant research institutions, develop and prescribe standards
12 for construction materials for implementation and enforcement by the concerned
13 government agency to be determined in the IRR;
14
- 15 f) Prescribe guidelines for the accreditation of independent third party certifying bodies
16 for the implementation and enforcement of various quality standards to be prescribed
17 by the Authority, including but not limited to, testing and training facilities.
18
- 19 g) Prescribe and promote the development and use of appropriate standard contract
20 terms and conditions for construction.
21
- 22 h) Identify opportunities, develop and implement overseas market promotion strategies
23 for registered contractors and consultants in construction;
24
- 25 i) Monitor the performance of registered Filipino construction contractors engaged in
26 overseas projects and take reasonable remedial measures to maintain the reliability of
27 Filipino services;
28
- 29 j) Prescribe appropriate export and import policies to ensure local supply sufficiency of
30 critical construction materials;
31
- 32 k) Develop programs and strategies for the use of local construction materials and for the
33 improvement of their quality, competitiveness and efficiency;
34
- 35 l) Negotiate for better terms and conditions for market access of Filipino contractors and
36 consultants in overseas construction markets;
37
- 38 m) Designate Special Construction Attachés and in coordination with other appropriate
39 government agencies, assign such attaches to countries where Filipino contractors and
40 consultants in construction are operating or may be likely to operate;
41
- 42 n) Subject to the approval of the PhilCIDA, issue such rules and regulations as may be
43 deemed necessary to carry out the provisions of this chapter; and
44
- 45 o) Perform such other functions as may be assigned by the Authority.
46
47
48
49

CHAPTER IV
CONSTRUCTION INDUSTRY REGULATION

SEC. 12. Regulatory function. - The Authority, being vested with regulatory powers, shall exercise regulatory functions over all persons falling within the scope or coverage of this Act.

SEC. 13. License as a pre-requisite to construction contracts or construction activity in the Philippines. -

- a) Save for the exceptions provided for in this Chapter, all contractors must be licensed by the Authority before they may be allowed to apply for eligibility screening, to bid, or negotiate, and enter into any construction contract, or undertake any construction activity for any construction project, public or private, in the Philippines.
- b) Private project owners undertaking by themselves, sans the service of a contractor, the construction of a project intended for sale, lease, commercial/industrial use, or any other income generating purpose, shall secure a contractor's license before undertaking the same.
- c) The project owner, whether government or private, shall require the presentation of a contractor's license before a contractor is prequalified or allowed to bid or negotiate for any construction project.
- d) Unless expressly provided otherwise, projects which are to be implemented under the provisions of special laws as well as foreign-funded projects of the Philippine government covered by bilateral agreements and to be awarded thru international bidding, must also require a contractor's license before eligibility screening or its equivalent regardless of whether the bidder is a resident of the Philippines or not.
- e) For purposes of this Act, registration with the Authority as a government contractor shall also be required for all government construction projects, regardless of funding source.

SEC. 14. Qualifications of Applicants for Contractor's Licenses. -

- a) A regular contractor's license shall be reserved for and issued only to contractor-firms of Filipino sole proprietorship, or partnership/ corporation with at least sixty percent (60%) Filipino equity participation and duly organized and existing under and by virtue of the laws of the Philippines. Private domestic construction contracts/projects shall be undertaken only by holders of regular contractor's licenses.
- b) Locally-funded government construction contracts/ projects, shall be undertaken only by holders of regular contractor's licenses who are contractor-firms of Filipino sole proprietorship, or partnership/ corporation with at least seventy five percent (75%) Filipino equity participation and duly organized and existing under and by virtue of the laws of the Philippines.

- 1 c) A contractor who fails to meet the above equity requirement may only be issued a
2 special license on a project-to-project basis, if allowed by special laws or bilateral
3 agreements entered into by the Philippine government, provided that the project is
4 foreign-funded and international competitive bidding is required.
5
6 d) The Authority shall evaluate the qualifications of a license applicant in accordance
7 with the standards set by it. It shall prescribe minimum qualifications which may
8 include financial capacity, technical capability, experience in construction industry in
9 terms of years of exposure thereto and acquired knowledge of construction business,
10 administration and management, the building, safety, health and lien laws of the
11 Republic of the Philippines and such other concerns as the Authority deems necessary
12 for the protection of the public.
13
14 e) A license applicant shall qualify through the Authorized Managing Officer of the
15 applicant-firm with respect to experience in the construction industry. The Authorized
16 Managing Officer shall be duly appointed by the applicant-firm as the sole
17 representative thereof, in the manner and in compliance with the procedure set forth
18 by the Authority and who shall be a Filipino citizen, a senior executive of the
19 applicant-firm and of qualifications and eligibility as prescribed by it. A sole
20 proprietor applicant, however, must himself, be the Authorized Managing Officer.
21
22 f) A license applicant may be represented by one or more Sustaining Technical
23 Employees in the technical capability evaluation. Each shall be nominated by the
24 applicant-firm in the manner and in compliance with the procedure set forth by the
25 Authority and shall be full-time employee of the applicant-firm, of academic training
26 and work experience, qualifications and eligibility requirements as prescribed by it.
27 Any officer of the applicant-firm, including the proprietor in case of sole
28 proprietorship, may concurrently serve the position of Sustaining Technical
29 Employee.
30

31 **SEC. 15. Joint Licenses Required. -**

32

- 33 a) It is unlawful for any two or more licensees, each of whom has been issued a license
34 to engage separately in the capacity of a contractor or to jointly submit a bid or
35 otherwise act in the capacity of a contractor without first having secured an additional
36 license for acting in the capacity of such a joint venture in accordance with the
37 provisions of this Act as provided for an individual, partnership or corporation.
38
39 b) It is likewise unlawful for a licensee or licensees combining with non-contractors to
40 submit a bid or otherwise act in the capacity of a contractor without first securing a
41 license to operate as a consortium from the Authority.
42

43 **SEC. 16. License Validity and Renewal. -**

44

- 45 a) 16.1 All licenses shall have a validity period of one (1) year reckoned from the date of
46 approval of the original license and must be renewed to sustain its continued validity.
47 A license issued on a project-to-project basis must likewise be renewed annually until
48 such time that the specific project for which it was issued, is completed.
49

- 1 b) 16.2 Applications and all other requirements for license renewal may be filed not
2 earlier than ninety (90) days and nor later than thirty (30) days before expiration of
3 the license, subject to the payment of surcharge for the late filing at such rates as may
4 be prescribed by the Authority.
5

6 **SEC. 17. Classification. -**
7

- 8 a) For purposes of classification, construction contracting includes any or all of the
9 following branches:
10
11 1) General engineering contracting
12 2) General building contracting
13 3) Specialty contracting
14
15 b) The Authority may, in its rules and regulations, provide for other classifications as it
16 may deem appropriate.
17

18 **SEC. 18. Power to Classify, Categorize and Accredited. -**
19

- 20 a) The Authority may adopt such rules and regulations as it may deem necessary for the
21 classification of contractors for domestic or overseas operations, in a manner
22 consistent with established usage and procedure in the construction industry, and may
23 limit the field and scope of the operations of a licensed contractor to those in which
24 such licensee is classified to engage. A licensee may apply for classification and be
25 allowed more than one classification provided that the licensee meets all the
26 qualifications prescribed by the Authority for such additional classification or
27 classifications.
28
29 b) Contractors may be assigned a category as an indicator of their aggregate capability
30 using a rating system to be prescribed by the Authority.
31
32 c) Contractors may likewise be registered as government contractors and be classified
33 based on project kinds and size ranges as prescribed by the Authority.
34
35 d) The Authority may, by itself or through designated/accredited agencies and/or private
36 entities, prescribe and implement, a system of accreditation for contractors.
37
38 e) For purposes of this Section., the Authority may also require the accreditation of a
39 contractor's technical personnel by agencies or private organizations recognized by
40 the Authority.
41

42 **SEC. 19. Notice of Dissociation/Changes Required. -**
43

- 44 a) The Licensee
45
46 1) It shall be the duty of the licensee to report in writing to the Authority the
47 disassociation of his Authorized Managing Officer within a period of thirty (30)
48 days from such disassociation, and to appoint his replacement for the evaluation
49 and approval by the Authority. In the event that the licensee is unable to

1 immediately appoint a replacement Authorized Managing Officer, the licensee
2 shall so inform the Authority of such fact, and, upon notice, he shall be allowed to
3 designate an Officer-In-Charge, for acknowledgement by the Authority, pending
4 final appointment of a replacement therefore. In any case, the final appointment
5 of a replacement Authorized Managing Officer, for the approval of the Authority,
6 shall be made within and not later than ninety (90) days from date of
7 disassociation of the original Authorized Managing Officer.
8

9 2) It shall likewise be the duty of the licensee to report in writing to the Authority
10 any disassociation of a Sustaining Technical Employee by employment
11 termination, death or any other cause within a period of thirty (30) days from date
12 of disassociation. A licensee complying with the thirty (30) day reporting
13 requirement shall have a period of not more than ninety (90) days from the date of
14 disassociation, to appoint a replacement for approval by the Authority. During the
15 said 90-day period, the licensee's current license shall remain in force, after which
16 the licensee's category and classifications shall be re-evaluated, subject to existing
17 qualifications.
18

19 b) The Authorized Managing Officer and Sustaining Technical Employee
20

21 1) Except in case of death, it shall also be the duty of a disassociated Authorized
22 Managing Officer and Sustaining Technical Employees of the licensee to give
23 written notice to the Authority of his disassociation, within thirty (30) days from
24 date of his disassociation.
25

26 **SEC. 20. Issuance of Licenses. -**
27

28 a) Upon an evaluation of a duly filed application for contractor's license, and after
29 examination and investigation as may be required, the Authority shall, based on its
30 finding that an applicant is qualified under this Act and its rules and regulations as
31 well as policies as may be promulgated from time to time, approve the application
32 and issue a license to the applicant upon payment of the prescribed fees and other
33 charges.
34

35 **SEC. 21. Death of a Sole Proprietor or a Partner. -**
36

37 a) In case of death of a sole proprietor or a Partner, the heirs of the sole proprietor, or
38 any surviving member of a licensed partnership, as the case may be, may be
39 permitted to complete any project or projects existing at the time of death, provided
40 that an application for permission to complete such existing project or projects is duly
41 filed before the Authority within thirty (30) days from the death of the sole
42 proprietor or partner, for the approved of the Authority.
43

44 **SEC. 22. Changes. -**
45

46 a) All licensees are required to report to the Authority all changes of name and addresses
47 of partners, stockholders, Authorized Managing Officer, and Sustaining Technical
48 Employee, including the status of the sole proprietorship, partnership or corporation,
49 joint venture and consortium, within thirty (30) days after the changes are made or

1 have occurred; provided, however, that the licensee shall apply for Authority's
2 approval, for any change in Authorized Managing Officer, Sustaining Technical
3 Employee, Business Name, Business Status/Style within the periods prescribed.
4

5 **SEC. 23. Causes for Disciplinary Action and/or Filing of Civil and/or Criminal**
6 **Cases. -**
7

- 8 a) The following acts and omissions shall constitute sufficient causes for the suspension,
9 cancellation or revocation of license, imposition of penalties and/or fines to be set by the
10 Authority in the IRR, reviewable every three years, and/or filing of administrative or
11 court action, at the discretion of the Authority:
12
- 13 1) Willful or deliberate abandonment, without lawful and/or just excuse, of any
14 construction project or operation engaged in or undertaken by the licensee as a
15 contractor, sub-contractor, specialty contractor, joint venture partner or member of a
16 consortium;
17
 - 18 2) Willful material and substantial departure or deviation from or disregard of plans
19 and/or specifications in any material respect, without the consent of and prejudicial
20 the owner or the person having right to or interest in the particular construction
21 project or operation.
22
 - 23 3) Willful misrepresentation of a material and substantial fact by an applicant in
24 obtaining a license, or renewal or amendment of the same;
25
 - 26 4) Submission of falsified or fake documents or giving false evidence of any kind to the
27 Authority, to support any application for license, renewal or amendment thereto;
28
 - 29 5) In case of a suspended license, undertaking any construction activity during the period
30 of suspension, except for projects that are on-going at the time of the suspension for
31 which a specific permission to continue the same was issued by the Authority;
32
 - 33 6) Undertaking a construction project without a license or with an expired license;
34
 - 35 7) Undertaking a project outside its approved classification;
36
 - 37 8) Impersonating another licensed contractor;
38
 - 39 9) Using fake certificate or license;
40
 - 41 10) Participating in the performance by any person as defined in this Act and of which he
42 is an Authorized Managing Officer, a responsible managing partner, employee or
43 officer, in any act or omission constituting a cause for disciplinary action under this
44 Act;
45
 - 46 11) Aiding or abetting an unlicensed person to evade the provisions of this Act, or
47 knowingly combining or conspiring with an unlicensed person, or allowing one's
48 license to be used by an unlicensed person, or acting as agent, partner, associate, or
49 otherwise, of an unlicensed person, in violation of this Act;

- 12) Doing of any willful or fraudulent act by the contractor, as a consequence of which another is injured or damaged;
- 13) Any negligent act or omission by the contractor resulting in injury or damage to another.
- 14) Willful misrepresentation and/or use of spurious documents in the pursuit of his business such as but not limited to: using a fake certificate or license, license lending or borrowing, collusion and/or rigging in biddings;
- 15) Violation of the provisions of this Act and the Rules and Regulations issued by the Authority, the Code of Ethics for Contractors or any act, device, or scheme to circumvent the provisions of this act, such as but not limited to the use of the license by a person other than the licensee through a power of attorney or similar instrument;
- 16) Failure of the contractor to comply with the provisions of the laws on labor including but not limited to, labor standards as well as Occupational Safety and Health Standards in construction; and
- 17) Commission of any act similar or analogous to the above.

SEC. 24. Other Violations and Penalties. -

- a) In addition to the violations enumerated in Section 25 of this Act, the following shall likewise constitute violations by persons or entities herein enumerated who shall likewise be liable for the payment of fines/penalties of not less than fifty thousand pesos (P50,000.00) but not to exceed one million pesos (P1,000,000.00) and/or the filing of administrative or court action under pertinent laws.

- 1) Unlicensed Contractor and/or Proprietor or Responsible Officer of an Unlicensed Contractor

Any person or entity, and/or the proprietor or responsible officer of any unlicensed contractor who submits or attempts to submit a bid to construct, contracts to or undertakes to construct, or who assumes charge in a supervisory capacity of a construction work or advertises any title tending to convey the impression that he is a constructor within the purview of this Act without first securing a license to engage in construction contracting, or impersonates, presents or files the license certificate of another.

- 2) The Project Owner and/or Its Proprietor or Responsible Officer

Any project owner, and/or its proprietor or responsible officer who hires or engages the services of an unlicensed contractor to do construction work.

- 3) The Sustaining Technical Employee

Any person who purports or represents himself to be a registered professional to qualify as Sustaining Technical Employee and is found not to be so registered, or who falsely represents to the Authority that he is a regular and full-time technical employee of a license applicant or a licensed contractor.

SEC. 25. Enforcement by Officers of the Law. -

- a) It shall be the duty of the Building Officials and all duly constituted law enforcement officers of the national, provincial, city and municipal government or any political subdivisions thereof, to enforce the provisions of this Act pursuant to the guidelines of the Authority, and to report to the Authority any violation of the same. Non-inclusion in the Authority's roll of licensed contractors of a person undertaking construction is prima facie evidence of a violation of this Act. The aforementioned officials and officers, are empowered to issue work stoppage order, suspend/revoke building permits and undertake such other measures to ensure immediate closure of the construction site and to prevent the unlicensed person or any of its agents from entering the same until the provisions of this Act are fully complied with.
- b) The mandatory signs indicating the Building Permit number required to be posted in every construction project, shall include the contractor's name, business address, Authorized Managing Officer, License Number as well as its category and classification. The signs shall also include the same information for all sub-contractors and/or specialty contractors of the project. If the project is undertaken by administration, such fact shall be clearly indicated on the sign.

SEC. 26. Enforcement by the Authority. -

- a) In cases where a contractor, not licensed by the Authority, or whose license has been cancelled, revoked or suspended, engages or attempts to engage in the business of contracting, the Authority shall have the right to immediately, upon discovery of the violation, to issue orders to stop the activity of the unlicensed person.
- b) The Committee may seek the assistance of the local government units, the Philippine National Police, and other appropriate agencies to enforce its orders.

SEC. 27. Exceptions to the Requirement for a License. -

a) Government or Public Personnel or Authorized Representative

No license shall be required for public personnel or authorized representatives of the Republic of the Philippines or any incorporated town, city, province or other municipal or political corporation or subdivision of the Republic of the Philippines exercising purely governmental functions.

b) Minor Work

No license shall also be required of any person undertaking any minor work, operation or project with an aggregate contract price of less than one hundred thousand (P100,000.00) pesos for the labor, materials and other items. The amount of

1 minor work prescribed herein shall, upon review, be adjusted by the Authority as
2 circumstances may so warrant, to reflect substantial changes in cost.

3 This exemption, however, shall not apply in any case where the minor work or
4 construction is only part of a larger or major operation, whether undertaken by the
5 same or a different contractor, or in which a division of the operation, for the purpose
6 of evading or otherwise violating the provisions of this Act, is made in contracts of
7 amounts less than one hundred thousand (P100,000.00) pesos or as adjusted by the
8 Authority.

9
10 **c) Incidental Work**

11
12 Unless expressly required by special laws, nothing in this Act shall prohibit a
13 contractor from taking and executing a contract involving the use of two or more
14 crafts or trades, if the performance of the work in such crafts or trades, other than in
15 which he is licensed, is only incidental or supplemental to the performance of work in
16 the said craft or trade for which he is licensed.

17
18 **d) Supply of Materials and Finished Products**

19
20 No license shall be required for persons who only supply or furnish materials or
21 finished products or supplies without being involved in the erection of structures,
22 installation or other field operations.

23
24 **SEC. 28. Registration for Overseas Construction. -**

25
26 a) 28.1 Construction contractors and consultants in construction who intend to undertake
27 overseas construction projects shall, prior to the submission of bids or proposal for
28 overseas construction project, be required to register with the Authority. No
29 construction contractor or consultant in construction shall tender or bid on any
30 overseas construction project and allied services unless registered with the Authority.

31
32 b) 28.2 Persons intending to undertake manpower services contracting for overseas
33 construction projects and allied services where administrative support is part of the
34 contract, shall likewise be required to register with the Authority prior to the
35 submission of bids or proposals for such undertaking. However, placement agencies
36 or recruitment agencies registered with the POEA shall be exempt from this
37 requirement under the following conditions:

- 38
39 1) When it can be shown that these agencies have trained the workers to be
40 deployed; and
41
42 2) After payment by the placement/recruitment agency of the training assessment
43 fees as determined by the Authority . The training assessment fee to be collected
44 shall be deposited to the Construction Training Fund established for the purposes
45 provided for in this Act.

46
47 **SEC. 29. Project Authorization. -**
48

- 1 a) In addition to requirement for registration as prescribed in the immediately preceding
2 SEC., construction contractors and consultants in construction are required to secure a
3 Project Authorization from the Authority before bidding or negotiating for an
4 overseas construction project or service to include construction work, consulting
5 services and other overseas work in support of and necessary to such construction
6 project so authorized. The project authorization shall be applicable only to the
7 particular project subject of the application and to no other.

8
9 **SEC. 30. Rules and Regulations Governing Overseas Construction. -**

- 10
11 a) The Authority shall issue rules and regulations and shall prescribe, among others,
12 criteria for determining the eligibility of contractors and consultants in construction to
13 operate overseas and relevant procedures and guidelines thereof.

14
15 **SEC. 31. Competition Among Filipino Entrepreneurs and Companies for**
16 **Overseas Project. -**

- 17
18 a) In the event that more than one (1) contractor or consultant in construction applied
19 and qualified for the same project or undertaking overseas, the Authority shall
20 encourage the qualified applicants to pool their resources and undertake the project as
21 a single entity or to associate themselves as a joint venture or consortium. If the
22 qualified applicants do not agree to undertake the project as a single entity, joint
23 venture or consortium, the Authority, in the exercise of its discretion, may limit the
24 number of contractors who shall bid or negotiate for the project.

25
26 **SEC. 32. Causes for Disciplinary Action for Overseas Construction. -**

- 27
28 a) 32.1 In addition to the causes for disciplinary action under SEC. 23 of Chapter IV of
29 this Act, the following shall likewise constitute causes for suspension or cancellation
30 of registration or project authorization for overseas operation, and/or for the
31 imposition of penalties or fines of not less than fifty thousand (P50,000.00) pesos but
32 not more than one million (P1,000,000.00) pesos and/or filing of administrative or
33 court action:

- 34
35 1) Unjustified abandonment, or failure to comply with the obligations of contract;
36
37 2) Any act deemed by the Authority to constitute incompetent management and
38 administration of any overseas project or service.

39
40 **SEC. 33. Other Violations and Penalties. -**

- 41
42 a) The following shall constitute violations of this Act by persons or entities herein
43 enumerated warranting the imposition of fines/penalties of not less than fifty thousand
44 (P50,000.00) pesos but not to exceed one million (P1,000,000.00) pesos and/or the
45 filing of administrative or court action under pertinent laws:

- 46
47 1) Unregistered Filipino entrepreneurs and companies,
48

- 1 2) Any person or entity, and/or its proprietor or responsible officer who undertakes
2 overseas projects and allied services, without first registering with the Authority,
3
4 3) Unauthorized overseas project of registered Filipino entrepreneurs and
5 companies, and
6
7 4) Any person or entity, and/or its proprietor or responsible officer registered with
8 the Authority who bids for or proposes to undertake or who undertakes overseas
9 projects and allied services, without securing prior project authorization.
10

11 **SEC. 34. Jurisdiction. -**
12

- 13 a) The Authority shall, *motu proprio*, or upon the verified complaint in writing of any
14 person, or upon receipt of a written report from any government agency or
15 instrumentality, investigate the action of any contractor and may deny the grant of a
16 license to an applicant or suspend or revoke any license issued and/or impose fees or
17 fines if the license applicant or holder thereof has been found guilty of or has
18 committed any acts or omissions constituting causes for disciplinary action.
19
20 b) The Authority shall, *motu proprio*, or upon the verified complaint in writing of any
21 person, or upon receipt of a written report from any government agency or
22 instrumentality, investigate the action of any person and may deny the grant of a
23 registration or issuance of project authorization to an applicant, or suspend or cancel
24 any registration granted or authorization issued, and/or impose fees or fines if the
25 applicant or registrant has been found guilty by the Authority of act or omission
26 constituting a cause for disciplinary action.
27

28 **CHAPTER V**
29 **CONSTRUCTION INDUSTRY DEVELOPMENT LEVY**
30

31 **SEC. 35. Construction Industry Development Levy. -** The Authority shall assess
32 and cause the collection of the Construction Industry Development Levy (CIDL) on every
33 construction contract entered into by registered contractor. Such CIDL shall be deposited in
34 government bank/s designated by the Authority. The CIDL shall be used for Authority's
35 operational expenses and capital expenditures, research and development, construction
36 industry training and social amelioration for the benefit of all construction professionals and
37 workers duly certified by the Authority, and other necessary expenses to achieve the
38 objectives of this Act.
39

40 The levy, in the amount equivalent to One Fourth of One Percent (1/4 of 1%) of the
41 Total Estimated Cost of every construction contract entered into, whether with the private
42 sector or the public sector, irrespective of funding sources, shall be imposed on every
43 contractor operating in the Philippines, irrespective of nationality, and on Filipino contractors
44 operating overseas.
45

46 No building permit shall be issued without proof of payment of the levy and no
47 construction shall be permitted to commence without proof thereof. Non-payment of the levy
48 shall be a ground for the revocation/suspension of the building permit, issuance of a work

1 stoppage order, or non-issuance of the occupancy permit by the Building Official. No project
2 authorization for overseas contracts shall be issued without payment of the levy by the
3 concerned contractor.

4
5 Any contractor who fails to pay the levy when due, shall be liable to pay a fine
6 equivalent to fifty percent (50%) of the amount due, without prejudice to the payment of the
7 levy.

8
9 The amount of any levy payable under this SEC. shall be recoverable as a civil debt
10 due to the Authority.

11 12 13 **CHAPTER VI** 14 **CONSTRUCTION INDUSTRY MANPOWER DEVELOPMENT**

15
16 **SEC. 36. Manpower Development.** - The Authority shall:

- 17
18 a) Draw up an overall construction manpower development plan and relevant strategies;
19
20 b) Develop and implement manpower training programs for the construction industry;
21
22 c) Formulate and adopt construction skills and standards and establish skills testing and
23 certification facilities in coordination with the Technical Education and Skills
24 Development Authority (TESDA);
25
26 d) Recommend appropriate policies and measures to rationalize training and export or
27 trained manpower in the construction industry in coordination with the Department of
28 Labor and Employment (DOLE) and other pertinent government agencies;
29
30 e) Determine and impose fees for training, accreditation and certification of construction
31 workers, supervisors and construction managers;
32
33 f) Develop, provide, and coordinate with private and public sectors, manpower training
34 programs for construction service providers and construction-related entrepreneurs;
35 construction site supervisors for domestic and foreign deployment, standardization
36 and improvement of construction techniques, procedures and materials, quality
37 assurance, and construction safety;
38
39 g) Accredite and/or certify skilled construction workers, in coordination with TESDA and
40 construction site supervisors and managers for domestic and foreign deployment;
41
42 h) Formulate and implement a training and certification program for qualifying
43 sustaining technical employees for purposes of contractors licensing under this Act;
44
45 i) To provide a monitoring and evaluation system where manpower providers are given
46 feedback in terms of the quality manpower specifications of the construction industry;
47

- j) To set the mechanism for a collaborative endeavor between government and industry in standards setting and development in the areas of training, certification and accreditation;
- k) To identify and address the gaps between the manpower needs of the industry and the capability of training and manpower development institutions; and
- l) Perform such other functions as may be assigned by the Authority.

CHAPTER VII CONSTRUCTION INDUSTRY DISPUTE RESOLUTION

SEC. 37. Construction Industry Dispute Resolution. -

- a) The Construction Industry Arbitration Commission, created by virtue of Executive Order No. 1008 or the Construction Industry Arbitration Law, shall continue to exercise original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the dispute arises before or after the completion of the contract, or after the abandonment or breach thereof. The disputes cognizable by the CIAC may involve government or private contracts as provided for under Republic Act No. 9184 or the Government Procurement Reform Act and Republic Act No. 9285, also known as the Alternative Dispute Resolution Act of 2004. The CIAC shall acquire jurisdiction upon the filing of a request for arbitration or mediation by any or both of the contracting parties and shall be responsible for the following, in addition to its powers and authority as specifically provided in this Act:
 - 1) To formulate and adopt arbitration, mediation and other alternative dispute resolution programs for the construction industry (hereinafter collectively called as ADR programs);
 - 2) To enunciate policies and prescribe rules and procedures for its ADR programs;
 - 3) To supervise its ADR programs and exercise such authority related thereto as regards the training, accreditation, appointment, replacement or challenging of arbitrators/ mediators/conciliators;
 - 4) To have an official seal to authenticate its official documents;
 - 5) To direct its officers and employees to perform such functions as may be assigned to them from time to time;
 - 6) To submit its annual report to the Authority within three (3) months after the end of the fiscal year; and
 - 7) To perform such other functions as may be assigned by the Authority from time to time.

1 8) The jurisdiction of CIAC shall include but is not limited to violation of
2 specifications for materials and workmanship; violation of the terms of agreement;
3 interpretation and/or application of contractual provisions; amount of damages
4 and penalties; commencement time and delays; maintenance and defects; payment
5 default of employer or contractor and changes in contract cost.

6
7 9) The parties to construction contracts over which the CIAC shall exercise original
8 and exclusive jurisdiction shall include those between or among parties to, or who
9 are otherwise bound directly or by reference by, an arbitration agreement, whether
10 such parties are project owner (either government or private), contractor,
11 subcontractor, fabricator, project manager, design professional, consultant,
12 quantity surveyor, materials supplier, construction equipment lessor, bondsman or
13 issuer of an insurance policy in a construction project.

14
15 **SEC. 38. Exceptions.** - Excluded from the coverage of this law are disputes arising
16 from employer-employee relationships which shall continue to be governed by the Labor
17 Code of the Philippines and such other disputes not arising from or related to construction
18 which shall be governed by pertinent laws.

19
20 **SEC. 39. Deliberations.** - The decisions of CIAC shall be arrived at by a majority
21 vote.

22
23 **SEC. 40. Authority to Collect Fees.** - The CIAC is empowered to determine and
24 collect fees, deposits, costs of arbitration, mediation or other ADR schemes, as well as
25 administrative and other charges as may be necessary in the performance of its functions and
26 responsibilities. The CIAC is authorized to use its receipts and deposits of funds to finance its
27 operations, the provision of any law to the contrary notwithstanding.

28
29 **SEC. 41. ADR Expenses.** - ADR expenses shall include the filing fee, administrative
30 charges, arbitrator's/mediator's fees; fee and expenses of the expert, and others which may be
31 imposed by CIAC.

32
33 The administrative charges and the arbitrator's or mediator's fees shall be computed
34 on the basis of percentage of the sum in dispute to be fixed in accordance with the Table of
35 ADR Charges to be prescribed by CIAC.

36
37 **SEC. 42. Deposit To Cover ADR Expenses.** - The CIAC shall be authorized to fix
38 the amount to be deposited which must be equivalent to the expected ADR expenses. The
39 deposit shall be paid to the CIAC's Secretariat before any arbitration or mediation
40 proceedings shall commence. Payment shall either be shared equally by the parties or be paid
41 by any of them. If one party fails to contribute his share in the deposit, the other party must
42 pay in full. If both parties fail to tender the required deposit, the case shall be considered
43 dismissed but the parties shall still be liable to pay one half (1/2) of the agreed administrative
44 charge.

45
46 **SEC. 43. The Construction Industry Dispute Resolution Fund.** - There is hereby
47 created a Construction Industry Dispute Resolution Fund to be used for the following
48 purposes:
49

- 1 a) Pay for the services of arbitrator/s and/or mediator/conciliator appointed by CIAC to
2 resolve/settle cases filed with the Committee and to pay for other incidental and
3 administrative expenses incurred for the proceedings;
4
5 b) Defray the travel, accommodations and administrative expenses of Arbitrators and
6 Staff for out-of-town hearings of cases involving claims below one million
7 (P1,000,000.00) pesos or as may be prescribed by CIAC;
8
9 c) Pay for the services of a sole arbitrator and/or mediator/conciliator appointed by
10 CIAC to resolve/settle small claims qualifying under the CIAC's Small Claims
11 Assistance Program at a rate to be determined by the CIAC and to pay for other
12 incidental and administrative expenses;
13
14 d) Pay for the services of arbitrator/s rendering additional works in post-award
15 proceedings and to pay for other incidental and administrative expenses related
16 thereto;
17
18 e) Pay for the costs of promotion and development of its ADR programs in the regions;
19
20 f) Pay for the services of a consultant for the enhancement and/or upgrading of CIAC's
21 existing data banking and data exchange capabilities to increase its accessibility and
22 outreach to the regions and overseas;
23
24 g) Purchase, maintain and/or upgrade of computer and related telecommunication
25 equipment and accessories to implement the preceding SEC.;
26
27 h) Defray such other expenses necessary to sustain CIAC's operations, subject to the
28 approval of the Authority;
29

30 The CIAC shall continue to administer all its existing funds, properties and personnel.
31

32 The CIAC shall remit to the Authority its net earned fees from the filing and
33 administrative charges of resolved and fully executed cases from the immediately preceding
34 year, which remittance shall form part of the Construction Industry Development Fund.
35

36 **SEC. 44. Arbitrators and Mediators.** - The CIAC shall train and accredit qualified
37 arbitrators and mediators for construction disputes. Arbitrators and mediators shall be men
38 and women of distinction in whom the business sector and the government can have
39 confidence and who meet the qualifications and criteria for accreditation prescribed by CIAC
40 which may include citizenship, age, educational, professional and personal qualifications,
41 years of professional practice and experience in construction management-related activities
42 or in handling contractual disputes and/or negotiations, full enjoyment of civil rights, oral or
43 written examinations, training, and other screening requirements imposed by CIAC. They
44 shall not be permanently employed with the CIAC nor the Authority. Instead, they shall
45 render services only when called to arbitrate. For each dispute they settle, they shall be given
46 fees.
47

48 Where the parties agree that the dispute shall be settled by a sole arbitrator, they may,
49 by agreement, nominate him from the list of arbitrators accredited by CIAC for appointment

1 and confirmation. If the parties fail to agree as to the arbitrator, the CIAC, taking into
2 consideration the complexities and intricacies of the dispute/s, has the option to appoint a
3 Sole Arbitrator or an Arbitral Tribunal.

4
5 If the CIAC decides to appoint an Arbitral Tribunal, each party may nominate six (6)
6 arbitrators from the list of arbitrators accredited by the CIAC for appointment and for
7 confirmation. The third arbitrator shall be chosen by the first two appointed arbitrators. The
8 arbitrators appointed shall agree among themselves who shall be the Chairman of the
9 Tribunal and shall preside over the case.

10
11 Where the parties agree to have their disputes settled by mediation/ conciliation, they
12 shall sign the appointment of the mediator/conciliator that they have agreed upon. In default
13 thereof, CIAC shall appoint the most suitable mediator/conciliator from its pool of accredited
14 mediators/ conciliators.

15
16 **SEC. 45. Powers of the Arbitrators.** - The arbitrators appointed by the CIAC in
17 specific cases shall have the following powers;

- 18
19 a) To administer oaths, summon the parties to a controversy, and issue subpoenas
20 requiring the attendance and testimony of witnesses or the production of such books,
21 papers, contracts, records, statements of accounts, agreements, and other documents
22 as maybe materials to a just determination of the matter under arbitration;
23
24 b) To conduct hearings for the determination of a question, matter or controversy within
25 CIAC's jurisdiction; proceed to hear and determine the dispute in the absence of any
26 party thereto who has been summoned or served with notice to appear; refer technical
27 matters or accounts to an expert and to accept his report as evidence after hearings of
28 the parties upon due notice; direct the parties to be joined in or excluded from the
29 proceedings, correct, amend, or waived any error, defect, or irregularity whether in
30 substance or in form; give all such directive as the arbitrators may deem necessary or
31 expedient in the determination of the dispute before them; and dismiss any matter or
32 part thereof where it is trivial or where further proceedings by the arbitrators are not
33 desirable;
34
35 c) To hold any person in contempt, directly or indirectly and impose the appropriate
36 penalties therefor;
37
38 d) To enjoin or restrain any actual or threatened commission of any or all prohibited or
39 unlawful acts in any dispute brought before them which, if not restrained, may cause
40 grave or irreparable damage to any party or render ineffectual any decision in favor of
41 such party; provided that no temporary injunction shall be issued by the Sole
42 Arbitrator or Arbitral Tribunal, as the case maybe, except after due notice and hearing
43 and in accordance with the CIAC Arbitration Rules.

44
45 **SEC. 46. Powers of Mediators.** – In so far as they relate to their powers and
46 responsibilities, the applicable provisions on Mediation of Republic Act No. 9285 shall apply
47 to construction mediators.

1 **SEC. 47. Appointment of Experts.** - The services of technical or legal experts may
2 be utilized in the settlement of disputes if requested by any of the parties or by the
3 Arbitrator/s or Mediator. If the request for an expert is done by either or by both of the
4 parties, it is necessary that the appointment of the expert be confirmed by the Arbitrator/s or
5 Mediators.

6
7 Whenever the parties request for the services of an expert, they shall equally shoulder
8 the expert's fees and expenses, half of which shall be deposited with the Secretariat before the
9 expert renders service. When only one party makes the request, it shall deposit the whole
10 amount required.

11
12 **SEC. 48. Finality of Awards.** – Where arbitration is resorted to by the disputing
13 parties, the arbitral award shall be binding upon them. It shall be final and inappealable
14 except on pure questions of law which shall be directly appealable to the Supreme Court
15 within a period of fifteen (15) days from receipt of notice by any of the parties thereto. An
16 award shall become final and executory after the lapse of fifteen (15) days from receipt of
17 notice without an appeal being taken.

18
19 **SEC. 49. Execution and Enforcement of Awards.** - As soon as a decision, order or
20 award has become final and executory, the Arbitral Tribunal or the single arbitrator, with the
21 concurrence of CIAC, shall, *motu proprio* or on motion of any interested party, issue a writ of
22 execution requiring any sheriff or other proper officer to execute said decision, order or
23 award. An appeal interposed shall not stay the execution of an arbitral award, judgment, final
24 order or resolution sought to be reviewed unless the Supreme Court shall direct otherwise
25 upon such terms as it may deem just.

26
27 In case of mediation where any of the parties fail to abide by the terms and conditions
28 of the Compromise Agreement, the appointed mediator of the dispute shall automatically be
29 deemed the Sole Arbitrator for the purpose of rendering a judgment based on the
30 Compromise Agreement and executing the same as an Arbitral Award.

31
32 **SEC. 50. Liability of Construction Arbitrators and Mediators.** - The construction
33 arbitrators and mediators shall have the same civil liability for acts done in the performance
34 of their duties as that of public officers as provided under SEC. 38(1), Chapter 9, Book 1 of
35 the Administrative Code of 1987.

36 37 **CHAPTER VIII** 38 **CONSTRUCTORS PERFORMANCE EVALUATION SYSTEM**

39
40 **SEC. 51. The Constructors Performance Evaluation System (CPES).** - The CPES
41 is a standard rating system of evaluating the performance of constructors based on a uniform
42 set of criteria to include workmanship, materials, time, facilities, resources deployment, and
43 environmental, safety and health. Performance evaluation shall be undertaken during
44 construction and upon completion of each project.

45
46 **SEC. 52. Use of the Constructors Performance Evaluation System (CPES).** – The
47 Authority shall provide for guidelines and issue necessary rules and regulations for the use of
48 CPES in all construction projects in the country regardless of the funding source.
49

1 **SEC. 53. Implementation of the CPES.** – Implementing agencies are required to
2 establish their own respective CPES Implementing Units (IUs) which shall be responsible for
3 the implementation of the CPES. The Authority shall screen and accredit duly qualified
4 technical personnel as Constructors Performance Evaluators (CPES) who shall undertake the
5 actual task of evaluating constructor's performance. The Authority shall also serve as the
6 repository of reports on constructors' performance rating which shall be made accessible to
7 all implementing agencies, in particular, and to the public, in general.

8
9 **CHAPTER IX**
10 **FINAL PROVISIONS**

11
12 **SEC. 54. Suppletory application of prescribed standard conditions of contract.** –
13 The Uniform General Conditions of Contract for Private Construction (CIAP Document 102),
14 shall be applied suppletorily in cases where the parties had failed to incorporate in their
15 contract a general conditions of contract or to fill in the omissions or ambiguities in the
16 contractual stipulations of the parties.

17
18 **SEC. 55. Application of standards for methods and practices in construction.** -
19 Whenever applicable, all standards prescribed by the Authority pursuant to the provisions of
20 this Act shall be adopted by the concerned agencies, entities, and/or industry practitioners.
21 Any departure therefrom shall be justified.

22
23 **SEC. 56. Implementing Rules and Regulations.** - The Authority shall, within sixty
24 days (60) from the effectivity of this Act, issue such rules and regulations as may be
25 necessary for the implementation of the general provisions of this law, including the authority
26 to collect fees, impose levies and other charges to support its operations and other lawful
27 activities necessary in the execution of its functions and responsibilities.

28
29 **SEC. 57. Transitory Provisions.** – Upon approval of this Act, the officers and
30 employees of the CIAP, PCAB, POCB, PDCB, CIAC, and the CMDF shall be transferred to
31 the Authority and shall continue to perform their respective functions, duties and
32 responsibilities and receive the corresponding salaries and benefits until a new structure and
33 plantilla shall have been submitted to and approved by the Department of Budget and
34 Management within thirty (30) days upon signing of this Bill.

35
36 All permanent employees of the Construction Industry Authority of the Philippines
37 (CIAP), the Philippine Contractors Accreditation Board (PCAB), the Philippine Overseas
38 Construction Board (POCB), the Philippine Domestic Construction Board (PDCB),
39 Construction Industry Arbitration Commission (CIAC), and the Construction Manpower
40 Development Foundation (CMDF) who are not absorbed or transferred are hereby declared
41 qualified for early retirement and shall be entitled to separation pay equivalent to three (3)
42 months for every year of service, in addition to retirement and other benefits allowed under
43 existing laws. For this purpose, the revenues of CIAP, PCAB, POCB, PDCB, CIAC, and
44 CMDF are hereby appropriated and set aside for deposit in a separate trust account for the
45 payment of separation pay.

46
47 Upon effectivity of this Act, all revenues of CIAP, its implementing Boards, CIAC,
48 and CMDF shall be set aside and deposited in a separate trust account to cover the payment
49 of separation pay.

1
2 **SEC. 58. Funding.** – All income from fees, fines, penalties and other charges
3 imposed by the Authority are deemed corporate income for the purposes of this SEC., and
4 such income shall directly be used by the Authority to provide additional financial incentives
5 to all its employees according to criteria to be determined by the Authority.
6

7 **SEC. 59. Separability Clause.** – The provisions of this Act are declared to be
8 separable and if any provision or the application thereof is held invalid or unconstitutional,
9 the validity of the other provisions shall not be affected.
10

11 **SEC. 60. Repealing Clause.** – All laws, rules and regulations and/or parts of
12 Republic Act 4566, Presidential Decrees 1167 & 1746 and Executive Order No. 1008
13 inconsistent with the provisions of this Act are hereby repealed, amended, or modified
14 accordingly. The provisions of Presidential Decree 1096 and Executive Order No. 133 and all
15 other existing laws, proclamations, decrees, letters of instruction, rules and regulations,
16 contrary to or inconsistent with the provisions of this Act are hereby superseded, amended,
17 modified or repealed accordingly.
18

19 **SEC. 61. Effectivity Clause.** – This Act shall take effect fifteen (15) days
20 following its publication in the Official Gazette or in two (2) newspapers of general
21 circulation.