

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7873



Introduced by Hon. HARLIN NEIL J. ABAYON III

EXPLANATORY NOTE

The Philippines has a long roster of investment promotion agencies and government-owned and controlled corporations which were created over the past decades based on and in response to economic, social, and political priorities of those times.

These government instrumentalities that are abolished and transferred to the Department of Investments Promotion are:

1. Board of Investments
2. Philippine Economic Zone Authority;
3. Public-Private Partnerships Center;
4. Bases Conversion and Development Authority;
5. Clark Development Corporation;
6. Subic Bay Metropolitan Authority;
7. John Hay Management Corporation;
8. PHIVIDEC Industrial Authority;
9. Philippine Retirement Authority;
10. Poro Point Management Corporation;
11. Cagayan Economic Zone Authority;
12. Authority of the Freeport Area of Bataan;
13. Aurora Pacific Economic Zone and Freeport Authority;
14. Zamboanga City Special Economic Zone Authority;
15. Southern Philippines Development Authority;
16. First Cavite Industrial Estate, Inc.;
17. Duty Free Philippines, Inc.;
18. Batangas Land Company;
19. Pinagkaisa Realty Corporation;
20. Kamayan Realty Corporation;
21. GY Real Estate, Inc.

Having so many investment promotion and area development agencies has caused confusion in the business community, created more red tape, needlessly enlarged the bureaucracy, resulted in hundreds of millions of pesos in lost revenue, and caused higher administration costs, including the compensation and benefits of a multitude of government officials. The economic, social, and political conditions of the country have also vastly changed and continue to change as influenced by various global and domestic factors.

The Department shall be the lead investment promotion agency of the Philippines. It shall promote **both foreign and domestic investments**.

It shall formulate and implement the Investments Strategy and Action Plan of the country targeting both foreign and domestic investors.

It shall harmonize, rationalize, and prioritize in a Comprehensive Investment Incentives Program (CIIP), the grant of national tax and non-tax incentives for small, medium, and large scale investors, industries, institutions, and corporations on the basis of criteria that are **performance-based, tightly-targeted, time-bound, and transparent**.

The CIIP shall be subject to approval of the President of the Philippines, in the form of an executive order, upon the recommendation of the Secretary, following deliberation by the Advisory Board.

The Department, in coordination with the Department of Interior and Local Government, formulate and implement programs, projects, and other activities for capacity-building, including investments research, market and staff development, of local government units.

In response to current dynamics and to adapt the country to emerging challenges, this bill seeks the creation of the following line offices in the envisioned Department of Investments Promotion:

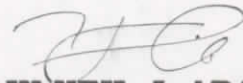
1. Commission on Economic Zones and Freeports;
2. Commission on Development Areas and Industrial Estates;
3. Commission on Financial Markets Development;
4. Commission on Local Government Investments.
5. Public-Private Partnerships Bureau;
6. Regional Headquarters and Regional Operating Headquarters Bureau;
7. Retail Trade Promotion Bureau;
8. Expatriate Investors and Investors Visa Processing Bureau;
9. Investor Services and Advisory Bureau;
10. Investments Academy

For administrative and policy coordination purposes, the Securities and Exchange Commission, Cooperatives Development Authority, and Mindanao Development Authority shall be attached to the Department.

The Department shall have the following staff bureaus:

1. Policy Research Bureau
2. Human Resources and Staff Development Bureau
3. Administrative Services Bureau
4. Financial Management Services Bureau
5. Legal Services Bureau

Considering the foregoing, immediate passage of this bill is earnestly sought.



HARLIN NEIL J. ABAYON III
Representative, AANGAT TAYO Party-list

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SEVENTEENTH CONGRESS
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HOUSE BILL NO. 7873

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AN ACT
CREATING THE DEPARTMENT OF INVESTMENT PROMOTION AND
DEVELOPMENT, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES

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

Section 1. **Short Title.** - This Act shall be known as the "*Charter of the Department of Investments Promotion.*"

Section 2. **Declaration of Policy.** - It is the declared policy of the State to: recognize the indispensable role of the private sector; encourage private enterprise, and provides incentives to needed investments; promote a just and dynamic social order that will ensure the prosperity and independence of the nation; strive for full employment, a rising standard of living, and an improved quality of life for all; and protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

Section 3. **Creation of the Department of Investments Promotion.** The Department of Investments Promotion, hereinafter referred to as the Department, is hereby created.

Section 4. **Mandate.** The Department shall be the lead investment promotion agency of the Philippines. It shall promote both foreign and domestic investments.

It shall formulate and implement the Investments Strategy and Action Plan of the country targeting both foreign and domestic investors.

It shall harmonize, rationalize, and prioritize in a Comprehensive Investment Incentives Program, the grant of national tax and non-tax

incentives for small, medium, and large scale investors, industries, institutions, and corporations on the basis of criteria that are performance-based, tightly-targeted, time-bound, and transparent.

The CIIP shall be subject to approval of the President of the Philippines, in the form of an executive order, upon the recommendation of the Secretary, following deliberation by the Advisory Board.

The Department, in coordination with the Department of Interior and Local Government (Local Government Academy), formulate and implement programs, projects, and other activities for capacity-building, including investments research, market and staff development, of local government units.

Section 5. **The Secretary.** The Secretary shall:

1. Serve as a Cabinet Member of the President, advise the President on issuing executive orders, regulations, proclamations and other issuances, the promulgation of which is expressly vested by law in the President relative to matters under the jurisdiction of the Department;
2. Establish the policies and standards for the operation of the Department pursuant to the approved programs of government;
3. Promulgate rules and regulations necessary to carry out department objectives, policies, functions, plans, programs and projects;
4. Promulgate administrative issuances necessary for the efficient administration of the offices under the Secretary and for proper execution of the laws relative thereto. These issuances shall not prescribe penalties for their violation, except when expressly authorized by law;
5. Exercise disciplinary powers over officers and employees under the Secretary in accordance with law, including their investigation and the designation of a committee or officer to conduct such investigation;
6. Appoint all officers and employees of the Department except those whose appointments are vested in the President or in some other appointing authority; Provided, However, that where the Department is regionalized on a department-wide basis, the Secretary shall appoint employees to positions in the second level in the regional offices as defined in the Administrative Code of 1987;
7. Exercise jurisdiction over all bureaus, offices, agencies and corporations under the Department as are provided by law, and in accordance with the applicable relationships as specified in Chapters 7, 8, and 9 of the Administrative Code of 1987;

8. Delegate authority to officers and employees under the Secretary's direction in accordance with the Administrative Code of 1987; and
9. Perform such other functions as may be provided by law.

Section 6. **Advisory Board.** The Department shall have an Advisory Board with whom the Secretary shall update and consult, every two months and as needs arise, on investment policies and measures of the national government. The Advisory Board shall also conduct public searches for and nominate the managing commissioners and deputy commissioners of the commissions of the Department that are provided in this Act.

The Secretary shall serve as co-chairperson of this Advisory Board made up of have representatives of the following institutions and organizations:

1. Department of Finance (as Presiding Chair)
2. Department of Trade
3. National Economic and Development Authority
4. Commission on Higher Education
5. Department of Science and Technology
6. Fiscal Incentives Review Board
7. Philippine Chamber of Commerce and Industry
8. Federation of Philippine Industries
9. Filipino-Chinese Chambers of Commerce and Industry
10. Trade Union Congress of the Philippines
11. Associated Labor Unions
12. Association of Foundations
13. Caucus of Development NGO Networks
14. League of Cities
15. League of Municipalities
16. League of Governors
17. League of Barangays

Section 7. **Undersecretaries.** The Secretary shall be assisted by three (3) undersecretaries, who shall be appointed by the President upon the recommendation of the Secretary: Provided, That two (2) of the undersecretaries shall be career officers. In case of the vacancy of the post of Secretary and to ensure continuity of operations, the senior career officer shall automatically serve as Acting Secretary until such time as the President appoints a new Secretary.

The Undersecretaries shall have these duties and responsibilities:

1. Advise and assist the Secretary in the formulation and implementation of department objectives and policies;
2. Oversee all the operational activities of the department for which he shall be responsible to the Secretary;

3. Coordinate the programs and projects of the department and be responsible for its economical, efficient and effective administration;
4. Serve as deputy to the Secretary in particular matters relating to the operations of the department; and
5. Perform such other functions and duties as may be provided by law.

The specific areas of responsibility of each Undersecretary shall be determined by the Secretary and expressly embodied in a Department Order.

Section 8. **Assistant Secretaries.** The Secretary shall be assisted by four (4) assistant secretaries who shall be appointed by the President upon the recommendation of the Secretary: Provided, that two (2) of the assistant secretaries shall be career officers.

Section 9. **Qualifications.** No person shall be appointed Secretary, Undersecretary, Managing Commissioner, Assistant Secretary, or Deputy Commissioner of the Department unless he or she is a citizen and resident of the Philippines, of good moral character, of proven integrity and with at least seven (7) years of competence and expertise in any or a combination of the following fields: corporate management, investment banking, managerial finance, commercial law, and international trade.

The appointment of the Secretary shall be subject to confirmation by the Commission on Appointments of Congress.

Every Undersecretary, Managing Commissioner, Assistant Secretary, and Deputy Commissioner of the Department shall be appointed by the President of the Philippines for a single, non-renewable and non-extendable term of four (4) years, from a shortlist of three nominees from the Advisory Board.

Bureau Directors shall be chosen by the Secretary from among the career executive service officials of the Department.

Section 10. **Organization of the Department.** The Department shall have component offices made up of line commissions, line bureaus, attached agencies, staff bureaus, program management offices, technical panels, and special units. The Department may have regional and provincial offices in areas where such offices are deemed necessary by the Secretary, after consultation with the Advisory Board, Managing Commissioners, and Bureau Directors.

The Department shall have an Executive Committee made up of Secretary and all the Undersecretaries, Managing Commissioners, Assistant Secretaries, Deputy Commissioners, and Bureau Directors.

Section 11. **Line Commissions.** The Department shall have the following Line Commissions:

1. Commission on Economic Zones and Freeports;
2. Commission on Development Areas and Industrial Estates;
3. Commission on Financial Markets Development; and
4. Commission on Local Government Investments.

Each Commission shall have a Managing Commissioner, with rank of Undersecretary, and two Deputy Commissioners, with ranks of Assistant Secretary. Each Commission shall function as a collegial and quasi-judicial body.

The Managing Commissioner and Deputy Commissioner shall be appointed by the President of the Philippines for a single, non-renewable and non-extendable term of four (4) years, from a shortlist of three nominees from the Advisory Board.

Section 12. **Line Bureaus.** The Department shall have the following Line Bureaus:

1. Public-Private Partnerships Bureau;
2. Regional Headquarters and Regional Operating Headquarters Bureau;
3. Retail Trade Promotion Bureau;
4. Expatriate Investors and Investors Visa Processing Bureau;
5. Investor Services and Advisory Bureau; and
6. Investments Academy

Section 13. **Attached Agencies.** The following agencies are hereby attached for administrative and policy coordination purposes:

1. Securities and Exchange Commission;
2. Cooperative Development Authority;
3. Mindanao Development Authority.

Section 14. **Staff Bureaus.** The Department shall have the following staff bureaus:

1. Policy Research Bureau
2. Human Resources and Staff Development Bureau
3. Administrative Services Bureau
4. Financial Management Services Bureau
5. Legal Services Bureau

Section 15. **Abolition of Agencies.** The following agencies are hereby abolished, and their powers and functions, applicable funds and appropriations, records, equipment, property, and personnel transferred to the Department:

1. Board of Investments;
2. Philippine Economic Zone Authority;

3. Public-Private Partnerships Center;
4. Bases Conversion and Development Authority;
5. Clark Development Corporation;
6. Subic Bay Metropolitan Authority;
7. John Hay Management Corporation;
8. PHIVIDEC Industrial Authority;
9. Philippine Retirement Authority;
10. Poro Point Management Corporation;
11. Cagayan Economic Zone Authority;
12. Authority of the Freeport Area of Bataan;
13. Aurora Pacific Economic Zone and Freeport Authority;
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16. First Cavite Industrial Estate, Inc.;
17. Duty Free Philippines, Inc.
18. Batangas Land Company;
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20. Kamayan Realty Corporation;
21. GY Real Estate, Inc.

Section 16. **Other Offices.** The Secretary, by department order, shall create the support services staff of the Commissions and may create other offices, units, task forces, and ad hoc bodies within the Department as he/she may deem necessary in the exigency of the service and to implement this Act.

Section 17. **Transition Management and Organizational Streamlining.** The Secretary, in coordination and consultation with the Secretary of Finance and the Secretary of Budget and Management, shall form, convene, and lead a Transition Management and Organizational Streamlining Task Force to implement the transfer of the powers and functions, applicable funds and appropriations, records, equipment, property, and personnel transferred to the Department within ninety (90) days from the effectivity of this Act.

The Task Force shall formulate and submit to the Secretary for approval, the detailed functions, responsibilities, accountabilities, and staffing pattern of the various component units of the Department.

Section 18. **Joint Congressional Oversight Committee.** — A Joint Congressional Oversight Committee, herein referred to as the Oversight Committee, shall be constituted in accordance with the provisions of this Act.

The Oversight Committee shall be composed of the respective Chairpersons of the Committees on Economic Affairs, Trade & Industry, Ways and Means, and Small Business & Entrepreneurship of the Senate and of the House of Representatives and seven (7) additional members each from the Senate and the House of Representatives appointed by the President of the Senate and the Speaker of the House of Representatives, respectively; provided that two of the additional members on each panel shall come from the

minority of each chamber. The most senior among the Senators and Representatives shall serve as Co-Chairpersons. The Oversight Committee shall monitor and ensure the proper implementation of this Act in accordance with the oversight functions of Congress.

Section 19. **Appropriations.** The appropriations for the current year of the government agencies transferred to be Department shall be the initial budget of the Department.

Section 20. **Separability.** - If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall continue to be in full force and effect.

Section 21. **Repealing Clause.** - All laws, executive orders, and administrative orders, issuances, or parts thereof inconsistent with any provision of this Act are hereby repealed or amended accordingly.

Section 22. **Effectivity Clause.** - This Act shall take effect fifteen (15) days after its publication in the online version of the *Official Gazette* or in two (2) newspapers of general circulation or with established internet website presence.

Approved.