

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8983



Introduced by **HON. JOY MYRA S. TAMBUNTING**

EXPLANATORY NOTE

The significant contribution of the Construction in the economy is undeniable. Likewise, it has significant potential in the country's growth. This sector is the fastest growing industry in the last six (6) years, having the second highest multiplier impact to the economy (next to manufacturing), and being the top contributor to gross value added.

In 2018, real growth in construction reached 15.9% to become the only business sector with double-digit real growth – the fourth time in the last seven (7) years. During this period of sustained growth, the industry's growth fueled an additional 0.7% to GDP growth per year on average – or 11% of all GDP growth for the period, next to manufacturing, domestic trade, and business services, including real estate, and ahead of other services including tourism, finance, transport, and communication.

More importantly, the industry has the second highest output multiplier of 2.2, which means that a PHP1 investment in construction, in return, will generate a total of PHP2.20 to the national economy, inclusive of all direct and indirect effects. Finally, the industry remains the top contributor to GDP with a 7.8% share which is higher than transport and communication, and nearly equal to agriculture and forestry.

The significant contribution of the construction industry to total investments is evident in consistently accounting for over half of total capital formation generated in the country since 2012 – which is equivalent to over 12% of GDP in the past six (6) years, and rising to 13.5% of GDP in 2018.

The share of the industry in Gross Value Added to the national economy has consistently been on the rise annually since 2005 when it stood at 4.7% of GDP to reach 7.8% of GDP in 2018.

In terms of employment, the construction industry currently provides direct employment to nearly four (4) million workers, including roughly 84,000 workers employed in architectural and engineering services. This translates to 9.6% of total employment and 9.1% of the country's total labor force. Moreover, this industry is the fourth (4th) highest per unit investment generator of direct and indirect employment, producing close to 4,000 jobs per PHP1B of investment in the industry, higher than manufacturing, tourism, and transport-logistics. The sector is also venturing into international markets generating foreign exchange earnings of about USD80 million on the

average per year and providing employment to 7,000 Filipino overseas workers. However with the changing business environment our country's present laws, powers governance, structure, are 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. Therefore, this bill proposes the creation of Philippine Construction Industry Development Board (PhilConDev) that will institutionalize public-private sector partnership in accelerating the growth of the construction sector.

The proposed Philippine Construction Industry Development Board (PhilConDev) signals the resurgence of a more effective governance that is future-proof and able to oversee the development and regulation of the construction industry. It will level the playing field to allow equal opportunities among qualified construction firms, professionals, and workers into providing globally competitive construction services.

In order to further accelerate the growth and development of the Philippine Construction Industry, this proposed measure aims to (1) Integrate the various implementing boards under the Construction Industry Authority of the Philippines into one unified structure, to ensure harmonization of policies more efficient utilization of resources to empower it to generate the resources needed, utilize these resources effectively to regulate and develop the industry and enhance its contributions to the economy without additional strain on the Government's limited resources; (2) Convert the CIAP implementing boards into bureaus, (3) create a Construction Enforcement Bureau to protect citizens against illegal construction practices and (4) strengthen arbitration to ensure expeditious settlement of construction disputes among others It is the author's view that these proposed changes in the governance structure of the construction industry is necessary to enable the construction sector to transform itself into a modern efficient forward looking and globally competitive industry that is integral in nation building—supporting economic growth building better infrastructure for a safer community and stable future for the Filipino Family.

On behalf of the people of Parañaque City's Second District, and for the common good of the Filipino people, the approval of the said measure is earnestly sought.


REP. JOY MYRA S. TAMBUNTING
2nd District, Parañaque City

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Introduced by **HON. JOY MYRA S. TAMBUNTING**

AN ACT
TO ACCELERATE THE GROWTH AND DEVELOPMENT OF THE PHILIPPINE
CONSTRUCTION INDUSTRY, CREATING FOR THIS PURPOSE THE PHILIPPINE
CONSTRUCTION INDUSTRY DEVELOPMENT BOARD, ABOLISHING THEREFORE THE
CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES (CIAP), AND
REPEALING REPUBLIC ACT NO. 4566, PRESIDENTIAL DECREE NO. 1746,
PRESIDENTIAL DECREE NO. 1167

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

Section 1. Title. – This Act shall be known as the "Construction Philippines Act of 2021."

Sec. 2. Declaration of Policy. – It is hereby declared the 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 construction-related professionals, manpower, technological, 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, micro and small contractors, designers, consultants, material manufacturers, suppliers and dealers of construction materials, project managers, supervisors, construction workers, construction project owners and construction-related professionals whether public or private, the Building Officials, and industry associations, councils and organizations.

Sec. 4. Definition of Terms. – As used in this Act, the following terms are defined as follows:

- (a) Board – Refers to the Philippine Construction Industry Development Board (PhilConDev) as established under this Act.
- (b) Construction Contractor – may be used interchangeably with the term "constructor" and "builder"; refers to any person who undertakes or offers to undertake or purports to have

the capacity to undertake or submit a bid to, or does by himself or through others construction works, such as but not limited to, construct, excavate, alter, repair, add to, subtract from, improve, move, wreck or demolish any building, highway road, railroad, or other structure, projects, development or improvement, or to do any part thereof, including the erection of scaffolding or other structures or works in connection therewith. As such, the term contractor includes subcontractor and specialty contractor.

- (c) Construction Contracting – Refers to the act of providing all services for construction works but not limited to rehabilitation works, improvement works, expansion works, and such other related works and activities including the necessary supply of labor and services, as well as the supply/fabrication with installation of materials, equipment and related items which are integral parts of the works.
- (d) Construction Industry – Refers to one of the major sectors of the economy which includes all undertakings in the areas of project conceptualization and development; architectural and engineering design; construction planning and management; construction contracting and project execution; construction materials manufacture and supply; construction equipment manufacture and supply; construction credit and finance; construction insurance and suretyship; construction manpower supply; construction manpower training and development; construction safety practitioners, providers and promoters; and all other construction and related engineering services exports and supply areas.
- (e) Construction Projects – Refer to the erection, improvement, development, rehabilitation, demolition, repair, restoration or maintenance of buildings, roads and bridges, subways, tunnels, cable car system, railways, airports, seaports, communication facilities, civil works components of information technology projects, irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems, shore protection, energy/power and electrification facilities, off-shore engineering works, and other structures.
- (f) Consultants in construction – Refers to persons (as defined in this Act) offering, undertaking, rendering, engaging in, or purporting to have the capacity to undertake or render professional, technical, financial, and other services for construction projects such as, but not limited to, architecture and/or engineering design, planning, surveying, supervision, and other construction-related management consultancy services and project development.
- (g) Domestic Construction – Refers to all types of construction projects undertaken in the Philippines irrespective of the funding source.
- (h) Filipino Construction Contractor – Refers to Filipino citizen, or partnership of Filipino citizens, or corporation or other juridical person or entity, of which, in the 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.

- (i) Foreign-funded Projects – Refer to 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) (Al-Amanah Islamic Bank), the Japan Bank for International Cooperation (JBIC), and other foreign official development assistance.
- (j) General building contractor – Refers to person/s 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, animal 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.
- (k) General engineering contractor- Refers to person/s 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.
- (l) Government Agencies - Refer 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.
- (m) Overseas Construction – Refers to all types of construction works, project management or consulting services undertaken by a construction contractor or consultant in construction outside the Philippines. This term includes overseas work which are in support of and necessary to construction which may include cross border supply, outsourced engineering or design services.
- (n) Persons – Include an individual, firm, partnership, corporations, association or other organization, or any combination thereof.
- (o) Public Construction – Refers to all types of construction projects, such as but not limited to infrastructure works for and on behalf of the national government or any of its instrumentalities, local government units, including government-owned and/or controlled

corporations, whether these be executed by administration or by contract and irrespective of funding source.

- (p) Private Construction – Refers to all types of construction projects which do not fall under the term "public construction", irrespective of owner's nationality.
- (q) Specialty contractor – Refers to person/s whose operations pertain to the performance of construction work requiring special skill and knowledge, and whose principal contracting business involves the use of specialized building or construction trades or crafts.

Sec. 5. Philippine Construction Industry Development Board (Construction Board). –

There is hereby created a Philippine Construction Industry Development Board, hereinafter referred to as the Board, under the Department of Trade and Industry (DTI) which shall serve as the governing board and policy-making body for all construction industry-related matters.

The Construction Industry Authority of the Philippines (CIAP), Philippine Overseas Construction Board (POCB), Philippine Contractors Accreditation Board (PCAB), Philippine Domestic Construction Board (PDCB), and Construction Manpower Development Foundation (CMDf) are hereby abolished and all their funds, records, personnel and properties are hereby transferred to the Board.

Sec. 6. Construction Board Members. – The Board shall be composed of thirteen (13) Construction Board Members representing the public and private sectors with the Secretary of Trade and Industry as Chair, Director General as Vice Chair, and the Secretaries of Public Works and Highways (DPWH), Interior and Local Governments (DILG), Transportation (DOTR), Labor and Employment (DOLE), the Chairman of the Professional Regulation Commission (PRC), and six (6) representatives from the private sector.

The private sector Construction Board Members shall be appointed by the President of the Philippines for a term of two years, provided, that in the selection of the members of the BOARD due consideration shall be given to such qualifications as would produce a multi-sectoral combination of expertise in the various areas of construction, and whose names shall be nominated by legitimate associations representing the various sectors in the construction industry, such as but not limited to constructors, manufacturers, general consultants, equipment service providers, and project developers, Provided further, that two (2) representatives shall be from the dominant, national constructors association in the country.

Upon the expiration of the term, the Construction Board Members shall serve in a hold-over capacity until the successors have been appointed and qualified. Provided further, that no vacancy shall be filled except for the unexpired portion of any term, and that no one may be designated to be a private sector Construction Board Member in an acting capacity but all appointments shall be ad interim or permanent.

The private sector Construction Board Members are authorized to continue to engage in their branches of the construction industry and the practice of their professions during their tenure and immediately after resignation or separation from public office.

Sec. 7. Qualifications of the Construction Board Members. – The Construction Board Members shall be citizens of the Philippines, at least 30 years old, of good moral character and of recognized competence in the field of construction.

Sec. 8. Powers and Functions. – The Board shall be responsible for the acceleration of the development and growth of the construction industry. It shall be vested with powers and authority over the construction industry, including construction contracting and related activities of contractors, subcontractors, construction managers, consultants, construction-related professionals and providers of construction manpower services in the Philippines and overseas.

Regular meetings of the Board shall be held once a month, but special meetings may be held as often as may be deemed necessary; Provided that, in case of the absence or incapacity of the department secretaries to attend any regular or special meeting of the Board, the next ranking Undersecretary or Officer of the Association shall attend and be vested with the same power and authority as a regular member.

At least eight (8) Construction Board Members shall constitute a quorum and a majority vote of the members present shall be necessary for the adoption of any issuance, order, resolution, decision or other act of the Board in the exercise of its functions.

For this purpose, the Board shall have the following powers and duties.

- a) Formulate and implement policies, standards and best practices for the construction industry and the efficient, safe, and effective delivery of public and private construction projects including the formulation and enforcement of policies and guidelines for licensing, registration, and/or accreditation of contractors, consultants, and other construction and related engineering service suppliers;
- b) Establish a comprehensive and long-term development plan to ensure the continued viability of the local construction industry based on sustained economic growth and for a more equitable distribution of domestic and overseas opportunities for Filipino enterprises and workers, in conformity with the constitutionally mandated goals of the national economy;
- c) Design and adopt strategies to accelerate the development of the construction industry, including, but not limited to, measures for upgrading construction capabilities;
- d) Develop a comprehensive construction skill upgrading program to improve the productivity of construction professionals and skilled workers;
- e) Monitor, research on, and study the construction industry in the Philippines and in other countries to identify and address problems, enhance growth, develop programs, recommend, support, and implement policies, legislation and other measures for the optimum development of the construction industry;
- f) Prescribe and issue policies, rules and regulations, circulars, and guidelines pertinent to its powers and functions;

- g) Develop programs and strategies for the optimum use of local construction materials and for the improvement of their quality, competitiveness, and efficiency;
- h) Establish a compensation plan, position classification system, and qualification standards for its officers and staff based on a comprehensive job analysis and audit of actual duties and responsibilities;
- i) The Board shall be a member of all construction and other infrastructure-related bodies;
- j) Make a periodic review of its organizational and operational capability, and effect a restructuring, upgrading, or the creation of new plantilla positions and acquisition of appropriate resources as may be deemed necessary. For this purpose, the Board may use its income, subject to government auditing rules and regulations;
- k) Develop and maintain a construction industry information system including the establishment of an updated database for construction workers and contractors that will be accessible to the public;
- l) Establish a funding mechanism to carry out its programs and activities including the provision of resources to accredited and/or designated government agencies in the implementation of the Board's functions;
- m) Assess, use, and collect fees and other assessments, receive grants to promote and develop the construction industry, administer its funds including grants received, and provide incentives under such guidelines approved by the Board;
- n) Approve the annual budget of the Board;
- o) Adopt, alter, and use a corporate seal; enter into contracts, lease, own or otherwise dispose of personal or real property; sue and be sued; and otherwise carry out its duties and functions as provided for in this Act;
- p) Submit an annual report of its activities to the Secretary of Trade and Industry;
- q) Prescribe standards/criteria for the licensing, registration, and accreditation of the construction industry in relation to manufacture, design, processes, construction techniques, products and materials;
- r) Work with concerned agencies both private and public to ensure the implementation of integrated programs on developing local contractors' capabilities, i.e. on modernization, digitalization, and innovation.
- s) Prescribe policies for accreditation of construction-related training institutions and/or certification of skilled construction workers and professionals;
- t) Register qualified contractors, provide better/more reliable licensing requirements;
- u) Develop industry to enhance capability of constructors to compete globally;

- v) Formulate training regulation for construction professionals and workers in the construction related engineering courses;
- w) Accredite construction industry related trainers, including training facilities;
- x) ~~Make doing business in the construction industry easy;~~
- y) Develop and promote incentives to increase and promote the corporate exports of construction and related engineering services in the construction industry;
- z) Maintain an efficient knowledge management and information system;
- aa) Foster inter-agency cooperation and implement a whole-of-government approach to harmonize policies and resources in the public sector; and
- bb) Exercise all the powers necessary or incidental to attain the purposes of this Act and its implementing rules and regulations.

Sec. 9. Chief Executive Officer. – Policies and programs approved by the Board shall be carried out by the Director-General, who shall act as the Chief Executive Officer. The Director General shall be assisted by two (2) Deputy Directors General, one for operations, and one for administration and legal.

Sec. 10. The Director General and Deputy Directors General.

10.1. The Director General. – The Director General shall be appointed by the President of the Philippines, as recommended by the Secretary of Trade and Industry, such appointment shall be coterminous with the tenure of the President of the Philippines. The Director General shall enjoy the benefits, privileges, and emoluments equivalent to the rank of an Undersecretary.

10.2. The Deputy Directors General. – The Deputy Directors General shall be appointed by the President of the Philippines, as recommended by the Secretary of Trade and Industry, preferably career service officers. The Deputy Directors General shall enjoy the benefits, privileges, and emoluments equivalent to the rank of an Assistant Secretary.

10.3. General power and functions of the Director General. – He/she shall perform the following functions:

- a) Act as the Vice-Chairman of the Board and head of the Board's technical secretariat;
- b) Oversee the day-to-day operations of the Board;
- c) Appoint the Board's technical staff and other personnel subject to Civil Service rules and regulations;
- d) Preside over the meetings of the Board in the absence of the Chairman;
- e) Recommend to the Board such policies and measures to effectively implement the Code;
- f) Direct all other functions and activities of the Board, including the preparation of Agenda for the meetings of the Board, promulgation of rules and regulations to implement its objectives, policies, plans, programs and projects;

- g) Spearhead the monitoring of all policies and programs of the Board, particularly by the Bureaus, for the purpose of ensuring effectiveness and proper coordination; and
- h) Perform other duties as may be assigned by the Chairman of the Board.

10.4. General power and functions of the Deputy Director General. – He/she shall perform the following functions:

- a) Assist the Director General in the implementation of the Act
- b) Direct supervision over the personnel in his/her respective office; and
- c) Perform other duties as may be assigned by the Board.

10.5. Qualifications. – The Director General and the Deputy Directors General must be natural born citizens of the Philippines, at least thirty-five (35) years of age on the day of their appointment, holders of a related college degree, and of proven competence, integrity, probity, and independence. Provided, That the Director General and at least one (1) Deputy Director General shall have at least ten (10) years of experience relevant to public policy, administration, preferably in the construction industry.

10.6. Term of Office. – The Director General shall be co-terminus to the President and shall be eligible for reappointment only once.

Sec 11. Bureaus and Offices. The Construction Board shall be composed of six (6) Bureaus, and (4) Service Offices, to handle Administration, Finance, HR and Legal Affairs, each of which shall be headed by a Director and assisted by an Assistant Director. The Bureaus are:

- a) Construction Industry Regulation and Accreditation Bureau
- b) Overseas Construction Industry Development Bureau
- c) Domestic Construction Industry Development Bureau
- d) Construction Industry Human Resource Development Bureau
- e) Construction Enforcement Bureau; and
- f) Construction Industry Arbitration Commission

The Director-General shall determine the organizational structure and staffing pattern of each of the Bureaus and Service Offices, subject to the approval of the Secretary of Budget and Management.

Sec. 12. Authority to Collect, Retain, and Use Fees. – The Board is empowered to determine and collect fees, deposits, costs of arbitration, mediation or other ADR schemes, as well as administrative and other charges as may be necessary in the performance of its functions and responsibilities. For a more effective and expeditious implementation of this Act, the Director General, with the approval of the Board, shall be authorized to retain, without need of a separate approval from any government agency, and subject only to the existing accounting and auditing rules and regulations, all the fees, fines, and other charges, collected by the Board under this Act and the other laws that the Board will be mandated to administer, for use in the implementation of programs, upgrading of its facilities, equipment outlay, human resource development, and the acquisition of the appropriate office space, among others, to implement the provisions of this Act and improve the delivery of its services to its stakeholders.

Sec. 13. Special Technical and Scientific Assistance. – The Director General is empowered to obtain the assistance of technical, scientific, or other qualified officers and employees of other departments, bureaus, offices, agencies and instrumentalities of the Government, including corporations owned, controlled, or operated by the Government, when deemed necessary in the consideration of any matter submitted to the Board relative to the enforcement of the provisions of this Act.

Sec 14. Construction Industry Regulation and Accreditation Bureau. – The Philippine Contractors Accreditation Board is now renamed as the Construction Industry Regulation and Accreditation Bureau to be headed by a Director, with the following specific powers and functions:

- a) Issue contractor's licenses, deny or recall the grant thereof;
- b) Determine and impose a schedule of fees for licensing as well as fees for services incidental or related to licensing;
- c) Suspend, cancel, or revoke licenses and/or impose penalties and fines in violation of prohibited acts under this Act;
- d) Accredited qualified Constructors Performance Evaluators for public and private construction projects;
- e) Accredited and/or certify skilled construction workers and construction site supervisors for domestic and foreign deployment;
- f) Accredited independent third-party certifying bodies for the implementation and enforcement of various quality standards to be prescribed by the Board, including but not limited to, testing and training facilities;
- g) Accredited engineering consultants;
- h) Register construction equipment;
- i) Adopt and enforce a code of ethics for contractors;
- j) Conduct periodic review and evaluation of constructors performance ratings and adopt or recommend appropriate measures to improve the quality and safety of construction;
- k) Develop and prescribe standards for construction materials for implementation and enforcement by the Bureau of Philippine Standards for Domestic Construction;
- l) Subject to the approval of the Board, issue such rules and regulations as may be deemed necessary to carry out its mandate;
- m) Perform such other functions as may be assigned by the Director General and/or the Board.

Sec. 15. License as Prerequisite to Construction Contracts or Activity in the Philippines. – Save the exceptions provided for in this Chapter, all contractors must be licensed by the Construction Industry Regulation and Accreditation Bureau (CIRAB) 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 whether in the Philippines or overseas.

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 also secure a contractor's license before undertaking the same.

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.

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.

Registration with the CIRAB as a government contractor shall also be required for all government construction projects, regardless of funding source.

Sec. 16. Overseas Construction Industry Development Bureau. – The Philippine Overseas Construction Board is now renamed as the Overseas Construction Industry Development Bureau to be headed by a Director, with the following specific powers and functions:

- a) Develop and implement strategies to promote the Philippine construction industry in overseas markets;
- b) Advance Philippine interests in trade in construction and related engineering services for better market access and favorable treatment of Philippine construction companies and construction professionals and workers through active participation in bilateral, regional, and multilateral trade negotiations;
- c) Negotiate for better terms and conditions for market access of Filipino contractors and raw materials in overseas construction markets;
- d) Designate Special Construction Attachés and in coordination with other appropriate government agencies, assign such attaches to countries where Filipino contractors and consultants in construction are operating or may be likely to operate, and to undertake the following functions:
 - 1. Gather information needed to develop the Philippine overseas construction market;
 - 2. Identify projects, opportunities, and countries where Philippine construction companies may operate; and
 - 3. Monitor the presence and the performance of Philippine construction companies engaged in overseas projects to ensure the protection of both human resources and the image of the Philippine construction industry in general; and to be able to provide accurate trade statistics;
- e) Identify opportunities, develop and implement overseas market promotion strategies for registered contractors and consultants in construction;
- f) Monitor the performance of registered Filipino construction contractors engaged in overseas projects and take reasonable remedial measures to maintain the reliability of Filipino services;
- g) Subject to the approval of the Board, issue such rules and regulations as may be deemed necessary to carry out the provisions of this; and
- h) Perform such other functions as may be assigned by the Director General and/or the Board.

Sec. 17. Domestic Construction Industry Development Bureau. – The Philippine Domestic Construction Board is now renamed as the Domestic Construction Industry Development Bureau to be headed by a Director, with the following specific powers and functions:

- a. Formulate and issue policies and guidelines for the efficient, safe and effective implementation of public and private construction projects in the country;
- b. Develop and promote adherence to quality standards in construction design and execution, including but not limited to, the implementation of the Constructors Performance Evaluation System (CPES) program or its equivalent for public and private construction projects in accordance with RA 9184, or the Philippine Government Procurement Act.
- c. Develop, promote, and prescribe the use of appropriate standard contract terms and conditions for public and private construction;
- d. Prescribe appropriate export and import policies to ensure local supply sufficiency of critical construction materials;
- e. Develop programs and strategies for the use of local construction materials and for the improvement of their quality, competitiveness and efficiency;
- f. Subject to the approval of the Board, issue such rules and regulations as may be deemed necessary to carry out the provisions of this; and
- g. Perform such other functions as may be assigned by the Director General and/or the Board.

Sec. 18. Construction Industry Human Resource Development Bureau. – The Construction Manpower Development Foundation is now renamed as the Construction Industry Human Resource Development Bureau to be headed by a Director, with the following specific powers and functions:

- a. Develop and implement standards for training and certification programs that are centered to build appropriate capacities and competitiveness of our construction professionals and skilled workers;
- b. Align HRD activities to international standards to promote professionalism, competitiveness and global mobility of construction professionals and workers;
- c. Coordinate with TESDA to equip our human resources, especially our workers, with the necessary skills for employability;
- d. Spearhead interagency commitment to ensure sufficient and steady stream of construction manpower to meet market demand domestic and international;
- e. Design and recommend standardized compensation structures for construction activities adapted to the country's regions and with our ASEAN neighbors;
- f. Establish a construction academy that will train construction professionals and workers including the registration and orientation of foreign construction professionals and workers on Philippine culture, laws and other requirements that will help foreign workers to adapt to the local environment;
- g. Perform such other functions as may be assigned by the Director General and/or the Board.

Sec. 19. Construction Enforcement Bureau (CEB). – There is hereby created a new bureau to enforce the provisions of this Act. The CEB shall exercise concurrent enforcement authority with agencies having jurisdiction under other laws. It shall: \

- a. Investigate such violations under this Act and regulations issued in relation thereto as may come to its knowledge;
- b. Issue cease and desist orders to stop contractors including unlicensed contractors as well as issue writs of execution to enforce its decisions and orders;
- c. Conduct inspections, by itself or in coordination with other competent agencies of the government, at any time, with or without prior notice, of establishments or entities found to be engaged in construction projects, without a valid contractor's license; and employ reasonable force in the event that the responsible person or persons of such establishment or entity evades, obstructs, or refuses such inspection. For this purpose, the agents of the PCEB shall be considered agents of persons in authority;
- d. Act as complainant in the criminal prosecution of violators of this Act;
- e. Hear and resolve administrative cases against violators of this Act and impose administrative sanctions including, but not limited to, the imposition of fines and penalties; For this purpose, the Board shall have the power to issue subpoena or subpoena duces tecum to compel the attendance of witnesses and production of documents and other effects;
- f. Call upon law enforcement agencies and the managing authorities for assistance in the implementation and enforcement of its decisions, orders, rules and regulations;
- g. Deputize provincial governors, city and municipal mayors, and representatives of the national government agencies, organizations representing the construction industry to help monitor compliance with and report to the CEB any violation of this Act.
- h. Impersonate another licensed contractor;
- i. Use of fake certificate or license;

Sec. 20. Prohibited Acts. Under this Act, it shall be unlawful for any person to:

- a) Undertake a construction project without a valid license; except for minor works or construction by administration as may be determined by the Board;
- b) Abandon without lawful and/or just excuse any construction project or operation engaged in or undertaken by the licensee as a contractor
- c) Undertake a construction project without a contract;
- d) Exercise willful material and substantial departure from or disregard of plans and/or specifications in any material respect, and prejudicial to another without consent of the owner of the person entitled to have the particular construction project or operation completed in accordance with such plans and/or specifications, or their duly authorized representatives;
- e) Misrepresent material and substantial fact by an applicant in obtaining a license, or renewal or amendment of the same;
- f) Submit falsified or fake documents or giving false evidence of any kind to support any application for license or amendment thereto;

- g) Undertake any construction activity during the period of suspension, except for projects that are on-going at the time of the suspension for which an authority to continue the same was issued with;
- h) Undertake a construction project with an expired license;
- i) Undertake a project outside its given classifications;
- j) Any person or entity, and/or its proprietor or responsible officer registered with the Committee who negotiates for or undertakes overseas projects and allied services, without securing a license;
- k) Impersonate another licensed contractor;
- l) Use of fake certificate or license;
- m) The participation by a contractor in the performance by any partnership, corporation, firm or association of which he is a responsible managing partner, employee or officer, of any act or omission constituting a cause for disciplinary action under this Act;
- n) Aiding or abetting an unlicensed person to evade the provisions of this Act, or knowingly combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent, partner, associate, or otherwise of an unlicensed person with the intent to evade the provisions of this Act;
- o) The doing of any willful or fraudulent act by the contractor, as a consequence of which another is injured or damaged;
- p) Any negligent act or omission by the contractor resulting in injury or damage to another;
- q) 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;
- r) Violation of the provisions of this Act and the Rules and Regulations issued by the Board, including 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; and
- s) Commission of any act similar to the above, as may be determined by the Board.

Sec. 21. CEB Jurisdiction. – The CEB shall, upon its own motion, or upon the verified complaint in writing of any person, or upon receipt of a written report from any government agency or instrumentality, investigate the action of any contractor and may recommend to the CAB the denial of a license to an applicant or suspend or revoke any license issued and/or impose fees or fines if the license applicant or holder thereof has been found guilty of or has committed any acts or omissions constituting causes for disciplinary action.

The CEB shall, upon its own motion, or upon the verified complaint in writing of any person, or upon receipt of a written report from any government agency or instrumentality, investigate the

action of any person and may deny the grant of a registration or issuance of project authorization to an applicant, or suspend or cancel any registration granted or authorization issued, and/or impose fees or fines if the applicant or registrant has been found guilty by the Board of act or omission constituting a cause for disciplinary action.

Sec. 22. Prescription. – All accusations or charges against contractors shall be filed within three (3) years after the act or omission alleged as the ground therefore or after the discovery of the alleged infraction.

Sec. 23. Penalties. – Commission of the Acts described under Section 20 hereof shall suffer the following penalties, subject to the table of offenses to be determined by the Board:

- a. One year suspension
- b. Permanent revocation or non-renewal of license to operate
- c. Fines as percentage of total project cost or an amount not less than Fifty Thousand pesos (Php.50,000.00) but not to exceed One Million pesos (Php.1,000,000.00)
- d. Filing of administrative or court action under pertinent laws

Sec. 24. Construction Industry Arbitration Commission. – To carry out the policies set forth under Executive Order 1008 s. of 1985, there is hereby created a Construction Industry Arbitration Commission. The CIAC, shall continue to operate and shall be further strengthened to encourage the early and expeditious settlement of disputes. The CIAC shall have original and exclusive jurisdiction over disputes arising from, or connected with, contracts entered into by parties involved in construction in the Philippines, whether the disputes arise before or after the completion of the contract, or after the abandonment or breach thereof. These disputes may involve government or private contracts.

For the CIAC to acquire jurisdiction, the parties to a dispute must be bound by an arbitration agreement in their contract or subsequently agree to submit the same to voluntary arbitration in cases arbitration agreement is not stipulated in their contract.

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

Excluded from the coverage of this law are disputes arising from employer-employee relationships which shall continue to be covered by the Labor Code of the Philippines.

The CIAC shall be under the administrative supervision of the Board, and shall be assisted by the Construction Industry Arbitration Bureau, to be headed by a Director, who shall be responsible for receiving requests for arbitration and other pleadings; Notify the parties thereto; and, for fixing and receiving filing fees, deposits, costs of arbitration, administrative charges, and fees. It shall be the duty of the CIAB Director to notify the parties of the awards made by the arbitrators. The CIAB, shall also assist the CIAC on the following:

- a. Formulate and adopt an arbitration program for the construction industry;
- b. Enunciate policies and prescribe rules and procedures for construction arbitration;

- c. Supervise the arbitration program, and exercise such authority related thereto as regards the appointment, replacement or challenging of arbitrators

Sec. 25. Implementing Rules and Regulations. – The Board shall, within sixty working days (60) from the effectivity of this Act, issue such rules and regulations as may be necessary for the implementation of the general provisions of this law, including the authority to collect fees, impose levies and other charges to support its operations and other lawful activities necessary in the execution of its functions and responsibilities.

Sec 22. Appropriations. – The funds needed to carry out the provisions of this Act shall be charged to the appropriations of the Construction Industry Authority of the Philippines (CIAP) under the current General Appropriations Act and the fees, fines, royalties and other charges collected by the CIAP for the calendar year.

After five (5) years from the coming into force of this Act, the Director General shall, subject to the approval of the Secretary of Trade and Industry, determine if the fees and charges mentioned in Section 12, hereof that the Office shall collect are sufficient to meet its budgetary requirements. If so, it shall retain all the fees and charges it shall collect under the same conditions indicated in said Section 12 but shall forthwith, cease to receive any funds from the annual budget of the National Government; if not, such provisions shall continue to apply until such time when the Director General, subject to the approval of the Secretary of Trade and Industry, certifies that the above-stated fees and charges the Office shall collect are enough to fund its operations.

Sec. 23. Transitory Provisions. – Upon approval of this Act, the officers and employees of the abolished CIAP shall be transferred to PhilConDev and shall continue to perform their respective functions, duties and responsibilities and receive the corresponding salaries and benefits until a new structure and plantilla shall have been submitted to and approved by the Department of Budget and Management within thirty (30) days after the signing of this Act.

Sec. 24. Repealing Clause. – Provisions of the Republic Act No. 4566, Presidential Decree No. 1746, Presidential Decree No. 1167 and all laws, rules, and regulations, presidential decrees, letters of instruction, and other presidential issuances which are incompatible or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

Sec. 25. Separability Clause. – If any provision or part of this Act is declared invalid or unconstitutional, such declaration shall not affect the validity of the remaining provisions of this Act.

Sec. 26. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation. It shall also be published online, through the Official Gazette Online (www.officialgazette.gov.ph), and through the website of the Department of Trade and Industry (www.dti.gov.ph).

Approved,