

[**CIAP Board Resolution No. 1, s. 1998, March 13, 1998**]

IMPLEMENTING RULES AND REGULATIONS OF PRESIDENTIAL DECREE NO. 1746 "AN ACT CREATING THE CONSTRUCTION INDUSTRY AUTHORITY OF THE PHILIPPINES"

Pursuant to Section 11 of Presidential Decree No. 1746 creating the Construction Industry Authority of the Philippines (CIAP), the following Implementing Rules and Regulations are hereby promulgated and prescribed to carry out the provisions of the said Decree.

**Rule 1
Preliminary Provisions**

SECTION 1. Statement of Policy — It is the policy of the state to actively promote the accelerated growth and professional development of the local construction industry in the fulfillment of its role in nation building and in gaining a foothold in the international construction markets. Towards this end, the Government, through the Construction Industry Authority of the Philippines (CIAP) and its implementing agencies, shall provide the necessary climate and environment that the private sector, as well as the public sector may operate in.

SECTION 2. Coverage — These Implementing Rules and Regulations shall cover all professional and business undertakings within the purview of the local construction industry of the Philippines.

SECTION 3. Definition of Terms —

3.01 **Decree** — shall mean Presidential Decree No. 1746.

3.02 **Authority** — Refers to the Construction Industry Authority of the Philippines (CIAP) as established under the provisions of Section 1 of Presidential Decree No. 1746, as amended, dated 29 November 1980, with specific powers so indicated in Section 2 of the aforementioned Decree.

3.03 **CIAP Chairman** — Refers to the Secretary of Trade and Industry.

3.04 **Implementing Agencies** — Refers to the Philippine Contractors Accreditation Board (PCAB), the Philippine Overseas Construction Board (POCB) and the Philippine Domestic Construction Board (PDCB).

3.05 **CIAC** — Refers to the Construction Industry Arbitration Commission created under E.O. 1088.

3.06 **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 development projects of any nature.

3.07 Construction Industry — One of the major sectors of the economy which include 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; and all other related areas.

3.08 Construction Contracting — Refers to the act of providing all services for new construction works, rehabilitation works, improvement works, expansion works, and such other related works and activities including the necessary supply of labor and services, materials, equipment, and related items needed to effect such works.

3.09 Construction Contractor — Synonymous to 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 do, or does by himself or through others, construction works, such as but not limited to, construction, alteration, repair, addition to, subtraction from, improvement, movement, wrecking or demolition of any building, highway, road, railroad, excavation 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 construction contractor includes subcontractor and specialty contractor.

3.10 Filipino Construction Contractor — shall mean a Filipino citizen, or a partnership of Filipino citizens, or a 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 is owned and held by Filipino citizens and at least sixty percent (60%) of the Board of Directors thereof are Filipino citizens, and in case of any other juridical person or entity, 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 public construction projects covered by LOI 630 and the Implementing Rules and Regulations of PD 1594, the term shall mean Filipino individuals or corporations, partnerships or associations, seventy five percent (75%) of the capital of which is owned by Filipino citizens.

3.11 Foreign Construction Contractor — is a construction contractor allowed to do business in the Philippines by the Securities and Exchange Commission and is duly licensed, registered and/or accredited to do construction work by the Philippine Contractors Accreditation Board.

3.12 Public Construction — Refers to all types of construction works or projects, such as but not limited to infrastructure works, for and in behalf of the national government or any of its instrumentalities, local government units, including government-owned and or -controlled corporations, whether there be executed by administration or by contract and irrespective of funding source.

3.13 **Private Construction** — refers to all types of construction works or projects which do not fall under the term "public construction", irrespective of owner's nationality.

3.14 **B-O-T and Similar Construction Works** — are construction works or projects covered by the provisions of Republic Act No. 7718, as amended.

3.15 **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 Overseas Economic Cooperation Fund (OECF) and other foreign services.

3.16 **Domestic Construction** — Refers to all types of construction works or projects situated within the territorial boundaries of the Republic of the Philippines. For all intents and purposes, these shall include foreign-funded projects, BOT and similar construction works, and those subjected to International Competitive Bidding (ICB).

3.17 **Overseas Construction** — Refers to all types of construction works or projects situated outside of the territorial boundaries of the Republic of the Philippines.

3.18 **RA 4566** — Refers to Republic Act No. 4566, otherwise known as the Contractors Licensing Law.

3.19 **EO 1008** — Refers to Executive Order No. 1008 also known as the Construction Industry Arbitration Law.

3.20 **LOI 630** — Refers to Letter of Instructions No. 630 dated 22 November 1977.

3.21 **PD 1594** — Refers to Presidential Decree No. 1594 approved 11 June 1978.

Rule 2

General Provisions

SECTION 1. Composition of the Authority — The Authority shall be composed of the following:

- 1.01 The Secretary of Trade and Industry; as Chairman;
- 1.02 The Secretary of Public Works and Highways;
- 1.03 The Secretary of Transportation and Communications;
- 1.04 The Secretary of Labor and Employment;
- 1.05 The Chairman of the Philippine Contractors Accreditation Board;
- 1.06 The Chairman of the Philippine Overseas Construction Board;

- 1.07 The Chairman of the Philippine Domestic Construction Board;
- 1.08 The Chairman of the Construction Manpower Development Foundation;
- 1.09 The President of the Philippine Contractors Association; and
- 1.10 One (1) representative of the private construction sector, to be appointed by the President of the Republic.

The CIAP Chairman may designate a special construction industry representative in the Middle East who will become an ex-officio member of the Authority.

SECTION 2. Meeting of the Authority — The Authority shall meet as often as necessary but not less than once every quarter of the year, at a time and place to be designated by the CIAP Chairman.

SECTION 3. Quorum — The presence of a simple majority of the members of the Authority shall constitute a quorum.

SECTION 4. Per Diems — No compensation of any kind shall accrue or be paid to any member of the Authority in the pursuit of his/her activities as a member of the Authority. However, per diems at the rate of P 1,500.00 per person per meeting or as may be fixed by the Authority in accordance with law may be given to the CIAP Board Chairman and members, the Chairmen and members of the CIAP implementing agencies, and the CIAC Chairman and members.

SECTION 5. CIAP Executive Office — The Authority shall have an Executive Office, situated at a place so designated by the Authority, and shall maintain a competent technical, legal and management staff necessary to fulfill its inherent powers, duties and obligations.

SECTION 6. CIAP Executive Director — The CIAP Executive Office shall be headed by a full-time Executive Director, to be so appointed by the CIAP Chairman upon the recommendation of the Authority.

The Executive Director shall report directly to the Authority on all matters pertaining to and/or concerning the Authority and shall be responsible for the monitoring and implementation of the policies and programs of the Authority, particularly on the operations of the Authority's Implementing Agencies, for the purpose of ensuring effectiveness and proper coordination.

SECTION 7. CIAP Executive Office Compensation Policy — The Authority shall fix the compensation package of the Executive Director, as well as all other members of the staff plantilla consisting of a monthly salary and allowances and such other benefits it may deem appropriate, subject to pertinent budget, compensation, organization and civil service rules and regulations.

SECTION 8. Coordination — All relevant agencies of the government involved in the development and promotion of the construction industry shall coordinate their policies, programs and activities with the Authority in the execution of its functions.

SECTION 9. Policy Making Body — The Authority, through the CIAP Executive Office

and its various Implementing Agencies, shall continuously monitor and study the operations of the construction industry, both domestic and overseas operations, to identify its needs, problems and opportunities, in order to provide for the pertinent policies and/or executive action and/or legislative agenda necessary to implement plans, programs and measures required to support the sustainable development of the construction industry, such as but not limited to the following:

9.01 A Construction Industry Investment Development Program in accordance with the Government's investment priorities and development needs;

9.02 A Licensing, Registration and Accreditation Program governing the domestic construction sector;

9.03 A Registration and Accreditation Program of construction contractors for the overseas construction sector;

9.04 Establishment and enforcement of a Prequalification, Bidding, Award and Implementation System for the public construction and the private construction sectors;

9.05 The promulgation and adoption of Standard Conditions of Contract for the public construction and private construction sector which shall have suppletory effect in cases where there is a conflict in the internal documents of a construction contract or in the absence of the general conditions of a construction agreement;

9.06 The adoption of Credit and Financing Policies necessary for sustaining the continued and orderly development of the construction industry, both for the domestic and overseas construction markets;

9.07 A Promotions Program towards greater overseas construction market access;

9.08 A program to promote higher technology advancement, including but not limited to manpower development and training, to upgrade construction capability, performance and productivity;

9.09 A Development Program to enhance performance and upgrade contracting capacities of Filipino construction contractors in their domestic and overseas construction operations;

9.10 Adoption of different alternative modes of dispute resolution in the implementation of public and private construction contracts;

9.11 To recommend the establishment of a funding mechanism with the participation of the private sector towards the promotion and development of the construction industry; and

9.12 To perform such other functions that the Authority may decide as necessary to achieve its stated objectives, as specified in Section 2 of the Decree.

SECTION 10. Policy and Program Coordination — To achieve proper policy and program coordination, the Authority shall be attached to the Department of Trade and Industry.