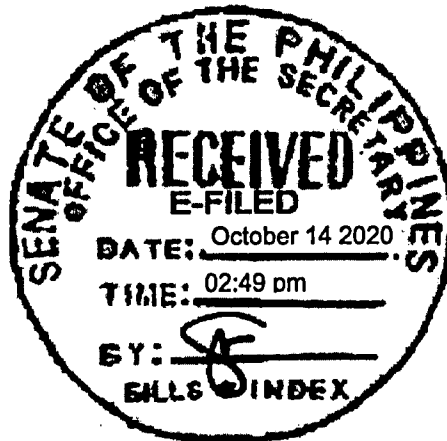


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE

S. No. 1889



Introduced by Senator Manuel "Lito" M. Lapid

AN ACT
AMENDING REPUBLIC ACT NO. 4566, OTHERWISE KNOWN AS "AN ACT
CREATING THE PHILIPPINE LICENSING BOARD FOR CONTRACTORS,
PRESCRIBING ITS POWERS, DUTIES AND FUNCTIONS, PROVIDING FUNDS
THEREFOR, AND FOR OTHER PURPOSES," THEREBY STRENGTHENING THE
REGULATORY POWERS OF THE PHILIPPINE CONTRACTORS
ACCREDITATION BOARD (PCAB)

EXPLANATORY NOTE

The construction industry serves as one of the prime movers of our economy. Based on the 2018 Construction Industry Performance Highlights¹ released by the Construction Industry Authority of the Philippines, the industry's share to the total employment of the country stood at 9.4% or about 3.848 Million workers and its contribution to the GDP amounted to 6.8%. The report also noted that the construction sector contributed 33.9% to the overall capital investments or Gross Capital Formation (GCF) in the country.

Despite the promising condition of the sector for the past years, its track to further development is abruptly derailed by the COVID-19 pandemic, with an expected 8.5% contraction for the year 2020 in the ASEAN region construction industry.² This expected slump in output places in jeopardy our local contractors and the millions of

¹ <https://ciap.dti.gov.ph/sites/default/files/publications/2018%20CIPP.pdf>

² <https://www.constructionglobal.com/built-environment/pandemic-hits-south-and-south-east-asian-construction-sector>

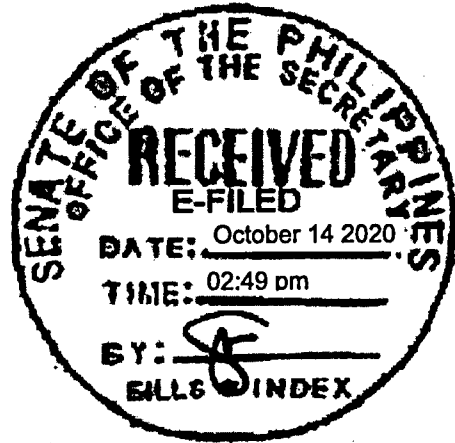
Filipino families who depend on them. It therefore behooves upon the government to implement sound policies and interventions to protect the local construction industry, while at the same time, provide reasonable in-roads for our local contractors and nationals to learn from and adapt international best practices, expertise and technology.

This is the aim of this proposed measure. This bill seeks to grant the Philippine Contractors Accreditation Board (PCAB) with the sufficient regulatory tools to effectively our laws, rules and regulations, especially on foreign firms and contractors. For this purpose, foreign firms may only be issued a special license for a specific single project that they intend to undertake or engage with in the Philippines. As a prerequisite and a continuing condition for such special license, the foreign contractor must: (1) designate a Filipino resident agent, (2) ensure technology transfer, skills trainings and capacity building of local contractors, (3) only undertake a foreign-financed/internationally-funded project, (4) only employ Filipino nationals, except for highly-technical positions after a determination by the Department of Labor and Employment (DOLE) of the non-availability of a Filipino national who is competent, able and willing to perform said functions or services, and (5) only use locally-sourced construction materials and components, except for specific materials and components determined by the Department of Trade and Industry (DTI) to be not available or manufactured locally. Through these conditions, the welfare of our Filipino contractors, Filipino workers (in terms of hiring priority) and Filipino manufacturers (in terms of sourcing of materials) are adequately safeguarded.

In view of this, early passage of this bill is sought.


MANUEL "LITO" M. LAPID
Senator

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ACCREDITATION BOARD (PCAB)

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

1 SECTION 1. A new paragraph is hereby added to Section 17 of Republic Act
2 No. 4566, or "An Act Creating the Philippine Licensing Board for Contractors,
3 Prescribing Its Powers, Duties and Functions, Providing Funds Therefor, and for other
4 Purposes" to read as follows:

5
6 "Section 17. Power to classify and limit operations. The Board may adopt
7 reasonably necessary rules and regulations to effect the classification of
8 contractors in a manner consistent with established usage and
9 procedure as found in the construction business, and may limit the field
10 and scope of the operations of a licensed contractor to those in which
11 he is classified to engage, as respectively defined in section nine. A
12 license may make application for classification and be thus classified in
13 more than one classification if the licensee meets the qualifications

1 prescribed by the Board for such additional classification or
2 classifications. No additional application or license fee shall be charged
3 for qualifying or classifying a licensee in additional classifications.
4

5 **TO ENSURE THE PROPER AND EFFECTIVE MONITORING AND**
6 **REGULATION OF THEIR ACTIVITIES, AND THE ENFORCEMENT**
7 **OF LAWS AGAINST ALL KINDS OF CONTRACTORS, FILIPINO-**
8 **OWNED OR FOREIGN, AS DEFINED UNDER EXISTING LAWS,**
9 **THE BOARD MAY ALSO ISSUE AND ADOPT THE NECESSARY**
10 **RULES AND REGULATIONS TO EFFECT REASONABLE**
11 **CLASSIFICATION OF SUCH CONTRACTORS.**

12
13 **NO FOREIGN CONTRACTOR SHALL BE GRANTED A LICENSE AS**
14 **A CONTRACTOR, EXCEPT FOR A SPECIAL LICENSE TO**
15 **UNDERTAKE A SINGLE SPECIFIC PROJECT WHICH SHALL BE**
16 **SUBJECT TO THE FOLLOWING REQUIREMENTS OR**
17 **CONDITIONS:**

18 a) **THAT THERE MUST BE A DESIGNATION OR**
19 **APPOINTMENT OF A FILIPINO RESIDENT AGENT TO**
20 **ACCEPT SUMMONS AND OTHER LEGAL PROCESSES ON**
21 **BEHALF OF THE FOREIGN CONTRACTOR FOR THE ENTIRE**
22 **DURATION OF THE PROJECT AND/OR THE DURATION OF**
23 **ANY ACTION OR PROCEEDING ARISING FROM OR IN**
24 **CONNECTION WITH SUCH PROJECT;**

25 b) **THAT THE FOREIGN CONTRACTOR SHALL ENSURE**
26 **TECHNOLOGY TRANSFER, SKILLS TRAINING AND**
27 **CAPACITY BUILDING OF LOCAL CONTRACTORS TO BE**
28 **REFLECTED IN ITS LICENSE APPLICATION AND SUBJECT**
29 **TO REGULAR PROGRESS REPORTING AND**
30 **MONITORING;**

31 c) **THAT THE PROJECT IS FOREIGN**
32 **FINANCED/INTERNATIONALLY-FUNDED;**

1 **d) THAT THE FOREIGN CONTRACTOR WILL ONLY EMPLOY**
2 **FILIPINO NATIONALS, EXCEPT FOR HIGHLY-TECHNICAL**
3 **POSITIONS AFTER A DETERMINATION BY THE**
4 **DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) OF**
5 **THE NON-AVAILABILITY OF A FILIPINO NATIONAL WHO**
6 **IS COMPETENT, ABLE AND WILLING TO PERFORM SAID**
7 **FUNCTIONS OR SERVICES; PROVIDED, THAT THE**
8 **FOREIGN CONTRACTOR SHALL ENSURE TECHNOLOGY**
9 **TRANSFER, SKILLS TRAINING AND CAPACITY BUILDING**
10 **FOR FILIPINO NATIONALS IN CONNECTION HEREWITH;**
11 **AND**

12 **e) THAT THE FOREIGN CONTRACTOR SHALL ONLY USE**
13 **LOCALLY-SOURCED CONSTRUCTION MATERIALS AND**
14 **COMPONENTS, EXCEPT FOR SPECIFIC MATERIALS AND**
15 **COMPONENTS DETERMINED BY THE DEPARTMENT OF**
16 **TRADE AND INDUSTRY (DTI) TO BE NOT AVAILABLE OR**
17 **MANUFACTURED LOCALLY.**

18
19 **THESE RULES AND REGULATIONS SHALL NOT OPERATE AS A**
20 **BARRIER TO ENTRY, NOR PROHIBIT, LIMIT OR RESTRICT THE**
21 **PARTICIPATION OF QUALIFIED AND COMPLIANT FOREIGN**
22 **CONTRACTORS IN THE CONSTRUCTION INDUSTRY."**

23
24 *Sec. 2. Repealing Clause.* — All laws, presidential decrees, executive orders,
25 proclamations, rules and regulations, or any part thereof, which are inconsistent with
26 the provisions of this Act are hereby repealed or modified accordingly.

27
28 *Sec. 3. Separability Clause.* — If any provision or part of this Act, or the
29 application thereof to any person or circumstance, is held unconstitutional or invalid,
30 the remainder of this Act shall not be affected thereby.

31
32 *Sec. 4. Effectivity Clause.* — This Act shall take effect fifteen (15) days from its

1 publication in the Official Gazette or in at least two (2) newspapers of general
2 circulation.

3

4 *Approved,*