

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session

8 JUN -4 P1:47

SENATE  
S.B. No. **2374**

RECEIVED BY: 

---

Introduced by Senator Loren Legarda

---

### EXPLANATORY NOTE

This bill seeks to strengthen and modernize the construction industry by creating the Philippine Construction Industry Development Authority or PhilCIDA.

The construction industry is one of the vital and promising sectors of the economy. In 2005, it accounted for 43.0 percent of the country's Gross Fixed Capital Formation and 4.2 percent of the Gross Domestic Product. It also generated 1.7 million jobs or 5.3% of the country's total in the same year. It provides the basic physical, industrial, commercial and social infrastructure facilities necessary for the growth and sustained development of the different sectors of the economy such as housing, manufacturing, commerce, transport, agriculture, services and various other industries. Without a modern and efficient construction industry, the provision and maintenance of vital infrastructure facilities would be impaired and would seriously erode the nation's ability to improve the Filipino's living conditions.

The potentials of the industry to generate export receipts and create overseas jobs for Filipino workers are also huge and well known. Filipino engineering and construction firms have been successful in penetrating the Middle East market since the 1970s. The sector earns roughly US\$25 million a year from international projects and generates thousands of jobs. If modernized and made more competitive, the industry can easily triple its global export receipts and its job-generating capacity can be enhanced several times.

Despite its potentials, the industry has not sustained its growth parallel with the growth of the population and the nation's expanding requirements and has been outpaced by several countries in Southeast Asia which have continuously upgraded their industry capacities and the skills of their construction workers and engineers. The country's construction industry can catch up with the guiding help of the government and the leadership of an agency able to strategize how to position the industry under regional and global integration.

The existing Construction Industry of the Philippines (CIAP), given its limited functions, personnel and resources, is unable to address the multiplicity of problems and emerging challenges affecting the growth and development of the Philippine construction industry. Further, the country is unable to produce enough construction engineers, designers and skilled workers, a great number of whom are being poached by foreign construction companies. Another problem of the industry is the insufficiently addressed need to upgrade the skills of a large number of community-based construction workers and provide them adequate protection.

This bill, therefore, seeks to address the foregoing multi-faceted problems and challenges facing the construction industry. The salient features of which are as follows:

- (a) promotion of the upgrading, modernization and competitiveness of the construction industry through the creation of the Philippine Construction Industry Development Authority (PhilCIDA); and
- (b) advancement of an integrated human resources development for the industry, covering the skills, health and safety and protections concerns of the construction workers in the formal and informal sectors.

This proposed measure envisions to promote the competitiveness of the industry by raising the standards of construction work, enhancing the skills of the workers through training, promoting occupational safety and health standards at the workplace and fostering greater public-private partnership in construction industry development.

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



**LOREN LEGARDA**

Senator

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session

8 JUN -4 P1:47

RECEIVED BY: 

SENATE  
S.B. No. **2374**

---

Introduced by Senator Loren Legarda

---

AN ACT  
STRENGTHENING 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:*

**SECTION 1. Short Title.** - This Act shall be known as "*The Philippine Construction Industry Competitiveness Act.*"

**SECTION 2. Declaration of Policy** - Recognizing the potential of the construction industry to trigger and sustain growth of the economy and employment through a program of integrated and balanced development, it shall be the policy of the State to encourage, promote, support and enhance the orderly growth and development of the construction industry in the Philippines. It shall also be the policy of the State to promote the welfare and hone the talents and skills of all workers in the construction industry so that they can ably contribute to the competitiveness of the industry while raising their economic and social well-being.

**SECTION 3. Objectives** - Towards this end, the State shall encourage the development of this industry by:

- a. Creating a business environment conducive to the continuous growth of the construction industry;
- b. Establishing an adequate support structure to enhance the viability of the construction industry;

- c. Encouraging the continuous upgrading of skills, qualifications and competitiveness of the workers, both formal and informal, in consonance with national interest and public safety;
- d. Promoting the involvement of workers' organizations in the construction industry in the delivery of skills training services; and
- e. Providing occupational safety and health and social protection programs for the construction workers in the context of social partnership, higher productivity and competitiveness of the construction industry.

**SECTION 4. 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, building officials, and industry associations, councils and organizations.

**SECTION 5. Creation of Philippine Construction Industry Development Authority** - It is hereby created the Philippine Construction Industry Development Authority (PhilCIDA) which shall exercise corporate, developmental and regulatory powers and functions through a Board of Directors composed by the Secretary of Trade and Industry as Chairman, and the Secretaries of Public Works and Highways, Interior and Local Government, Transportation and Communications, Labor and Employment, the President of the Philippine Constructors Association, Inc. (PCA), Director-General of the Technical Education and Skills Development Authority, and five (5) private sector members composed of one permanent representative each from the construction contracting sector, consulting sector, materials manufacturers/suppliers, construction workers, and project owners, to be appointed by the Chairman upon the nomination of a council to be composed of the PCA, Confederation of Filipino Consultants (COFILCO), subdivision and Housing Developers Association (SHDA), Philippine Chamber of Commerce and Industry (PCCI), Association of Carriers and Equipment Lessors (ACEL), and the Association of Construction and Informal Workers (ACIW).

The Construction Industry Authority of the Philippines (CIAP), Philippine Overseas Construction Board (POCB), Philippine Contractors Accreditation Board (PCAB), and

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 Authority. However, the Construction Industry Arbitration Commission (CIAC) except for its personnel, shall continue to exist as an independent body which shall be attached to the Authority for purposes of policy and program coordination.

**SECTION 6. Powers, Duties and Objectives of PhilCIDA** - The Philippine Construction Industry Development Authority is hereby vested with powers and authority over the Philippine construction industry. It is tasked to develop and promote the viability, stimulate and accelerate the development, growth, improvement, expansion of the construction industry of the Philippines, and to regulate and supervise the business and exercise of profession in the construction industry. For this purpose, the Authority is vested with the following powers and duties:

- a. Formulate and implement policies, standards and best practices for the constructions industry, including the formulation, issuance and enforcement of policies, guidelines, rules and regulations for licensing, registration, and/or accreditation of contractors, consultants, and other construction service providers, to carry out the provisions of this Act;
- b. Develop 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 national economy;
- c. Design and adopt strategies to accelerate the development of the construction industry, including but not limited to, measures for upgrading professional, technical, and financial capabilities of all workers;
- d. Develop a comprehensive skills training program to improve the competitiveness and efficiency of the construction workers;
- e. Regularly monitor, research and study the construction industry in the Philippines and in other countries, to establish an updated database of construction workers, contractors, etc, 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. Make a periodic review of its organizational and operational capability, and effect a re-structuring, upgrading, or the creation of plantilla positions and acquisition of appropriate resources as may be deemed necessary. For this purpose, the Authority may use its income, subject to government auditing rules and regulations;
- j. Develop and maintain a construction industry information system that is efficient and accessible to the public;
- k. 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 Authority's functions;
- l. Assess and collect fees and other assessments, contributions; 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;
- m. Approve the annual budget of the Authority;
- n. Adopt, alter and use a corporate seal; enter into contacts, 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;
- o. Submit an annual report of its activities to the Secretary of Trade and Industry; and
- p. Adopt measures for the enforcement of this Act and other relevant laws, statutes, rules and regulations and perform such other functions necessary to

*achieve its objectives, properly exercise its authority and effectively discharge its functions and duties.*

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

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

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

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

**SECTION 8. Human Resource Development** - It shall be created within the Authority a Human Resource Development Committee to oversee the function of the Authority for the human resource and manpower development of the construction industry and specifically, shall:

1. Draw up an overall construction human resource development plan, programs and relevant strategies.
2. In coordination with TESDA, shall:
  - a. Develop training regulations, competency-based curriculum and competency-based assessment materials;
  - b. Administer competency-based training;
  - c. Administer competency-based assessment;
  - d. Determine and recommend fees and upon approval by TESDA, impose these on competency-based training and assessment; and
  - e. Maintain a registry of skilled workers trained, assessed, and certified.
3. In consultation with the private sector, shall:
  - a. Formulate, adopt and set standards for site supervisors and construction managers;
  - b. Accredite training providers for site supervisors and construction managers;
  - c. Administer assessment and certification for site supervisors and construction managers;
  - d. Determine and impose fees for training program, assessment, and certification of site supervisors and construction managers; and
  - e. Maintain a registry of site supervisors and construction managers trained, assessed, and certified.
4. Recommend appropriate policies and measures to rationalize training and export of developed human resource in the construction industry in coordination with the Department of Labor and Employment (DOLE) and other pertinent government agencies, and to maintain a registry of construction workers abroad.
5. Develop, provide, and coordinate with private and public sectors, human resource training programs for construction service providers and construction-related entrepreneurs, construction site supervisors for domestic and foreign deployment, standardization and improvement of construction techniques, procedures and materials, quality assurance, and construction occupational safety and health.



6. Perform such other functions as may be assigned by the Authority.

**SECTION 9. Local Government Participation** - The cities and municipalities are encouraged to create its own committee to oversee the development of programs for skills upgrading of the construction workers and the enhancement of technical capabilities of all the technical workers in the construction industry in their area. These local government units are also encouraged to partner with workers organizations in their areas in the delivery of skills training and upgrading services.

**SECTION 10. Construction Industry Dispute Resolution** - 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.

**SECTION 11. Constructor's Performance Evaluation System (CPES)** - All government construction projects regardless of funding source shall be subject to CPES. For this purpose, no government project shall be acceptable by the concerned agency unless it has undergone CPES evaluation. Failure of the responsible officer of a particular project to implement CPES shall be deemed dereliction of duty and shall make him or her liable for disciplinary action. In addition, he or she shall be jointly and severally liable with the contractor for any damage or claim that may arise due to his failure to implement the CPES.

No contractor with a CPES final rating lower than satisfactory for a particular project shall be eligible to bid for similar government construction projects in accordance with the guidelines to be prescribed by the Authority.

**SECTION 12. Budget for PhilCIDA** - The national government shall continue to allocate in its annual General Appropriations Act such amount that is presently allocated for CIAP to the newly created PhilCIDA, which shall be used solely for its operational expenses and capital outlay.

**SECTION 13. Implementing Rules and Regulations** - The Authority shall, within sixty 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.

**SECTION 14. Transitory Provision** - Upon approval of this Act, the officers and employees of the CIAP, PCAB, POCB, PDCB, CIAC, and the CMDF shall be transferred to the Authority 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 upon signing of this Bill.

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

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

**SECTION 15. Separability Clause.** The provisions of this Act are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the validity of the other provision shall not be affected.

**SECTION 16. Repealing Clause.** All laws, rules and regulations and/or parts of Republic Act 4566, Presidential Decrees 1167 & 1746 and Executive Order No. 1008 inconsistent with the provisions of this Act are hereby repealed accordingly.

**SECTION 17. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,