

CIAP  
Implementing Rules and  
Regulations of PD 1746



**CIAP BOARD RESOLUTION NO. 1, Series of 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 aforesaid 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. 1008.
- 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 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

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- these 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 sources.
  - 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 PD 1167- Refers to Presidential Decree No. 1167 creating the Philippine Overseas Construction Board.
  - 3.20 EO 1008 - Refers to Executive Order No. 1008 also known as the Construction Industry Arbitration Law.
  - 3.21 LOI 630 - Refers to Letter of Instructions No. 630 dated 22 November 1977.
  - 3.22 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;

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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.

Section 11. Jurisdiction. – The Authority shall exercise jurisdiction over the following agencies which shall act as its implementing arms, namely:

- 11.01 The Philippine Contractors Accreditation Board (PCAB);
- 11.02 The Philippine Overseas Construction Board (POCB); and

11.01 The Philippine Domestic Construction Board (PDCB);

Jurisdiction shall be understood to mean administrative supervision and the following:

- a. Approve annual budgets and plans and programs; and
- b. Review, upon appeal by a party, decisions of the implementing agencies in the exercise of their quasi-judicial powers. The decision of the CIAP shall be final.

Section 12. Administrative Supervision. – The Authority shall have administrative supervision over the Construction Industry Arbitration Commission (CIAC) and such supervision shall not extend to the quasi-judicial and rule-making functions of the CIAC.

Section 13. Boards of Implementing Agencies. – Each of the Implementing Agencies shall have its own Board, with all of its members appointed by the President of the Republic, upon recommendation of the Authority.

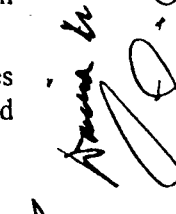
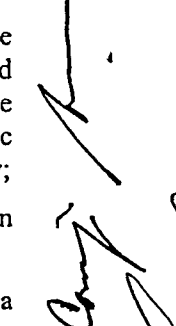
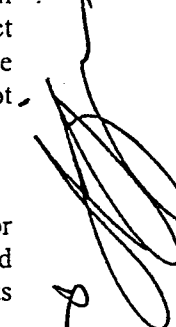
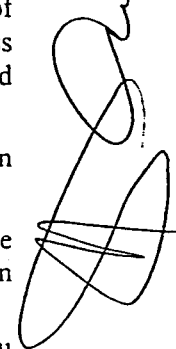
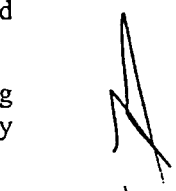
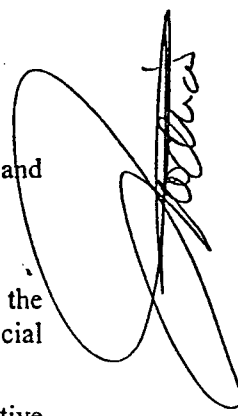
Section 14. Meeting of the Boards of the Implementing Agencies. – The Boards of the Implementing Agencies shall meet as often as necessary but not less than once every quarter of the year at a time and place to be designated by its respective Board Chairmen.

Special meetings may be called for by their respective Board Chairmen for whatever purpose deemed necessary.

Section 15. Powers, Duties and Functions of the Implementing Agencies. – The various Implementing Agencies of the Authority shall have their own respective powers, duties and functions.

15.01 The Philippine Contractors Accreditation Board (PCAB) shall exercise the powers, duties and functions of the defunct Philippine Contractors Licensing Board under RA 4566 and the rules and regulations issued thereunder, including but not limited to, the following:

- a. Adopt a code of ethics for construction contractors;
- b. Develop and implement a rational and credible system for the licensing/registration and accreditation of Filipino and foreign construction contractors which accurately reflects contracting capacity and performance capability;
- c. Issue implementing rules and regulations governing the licensing/registration and accreditation of Filipino and foreign construction contractors, for them to operate in the public and private construction sectors of the domestic construction market subject to the approval of the Authority;
- d. Issue, suspend, and revoke licenses and/or registration certificates of Filipino and foreign construction contractors;
- e. Classify and limit the field and scope of operations of a licensee to those in which he/she/it is classified to engage in domestic construction;
- f. Maintain a list of the names and addresses of its licensees and of those whose licenses have been suspended or revoked which shall be made available to the public upon request;



- g. Investigate violations of R.A. 4566 and the regulations thereunder as may come to its knowledge, and for this purpose, issue subpoena and subpoena duces tecum to secure appearance of witnesses in connection with the charges presented to it;
- h. Institute the proper action in court and secure a writ of injunction, without bond, restraining any unlicensed Filipino or foreign construction contractor from engaging or attempting to engage in construction;
- i. Have an official seal to authenticate its official documents;
- j. Collect fees and undertake income-generating activities as may be necessary in the execution of its functions and responsibilities; and
- k. Perform such other functions as may be assigned by the Authority.

15.02 The Philippine Overseas Construction Board (POCB) shall exercise the powers, duties and functions under PD 1167 including but not limited to the following:

- a. Identify and evaluate the overseas construction projects and opportunities as well as the countries where Filipino construction contractors may be allowed to operate;
- b. Provide for the regular publication of potential overseas construction markets, projects and opportunities, as well as the attendant laws, customs, rules and regulations governing construction works in such overseas construction markets;
- c. Develop and implement a rational and credible system for the registration and accreditation of Filipino construction contractors for construction operations in the overseas construction market;
- d. Issue implementing rules and regulations governing the registration and accreditation of Filipino construction contractors to operate in the overseas construction market, subject to the approval of the Authority;
- e. Issue, suspend and revoke the registration and accreditation of Filipino construction contractors to operate in the overseas construction market and, when so applicable, the grant of incentives pursuant to P.D. 1167;
- f. Check, verify and evaluate at regular intervals the performance of Filipino construction contractors engaged in overseas construction, including but not limited to actual project site visitations;
- g. Check, verify and evaluate at regular intervals, the compliance of Filipino construction contractor, engaged in overseas construction and granted incentives, with the provisions of P.D. 1167;
- h. Authorize the exportation of local construction materials and equipment, subject to existing rules on exportation;

- i. Negotiate for bilateral or multilateral agreements that would facilitate the entry of Filipino construction contractors in overseas construction markets;
- j. Negotiate for bilateral or multilateral agreements that would ensure the protection of Filipino construction workers, employed by construction contractors to work at overseas construction project sites;
- k. Collect fees and undertake income-generating activities as may be necessary in the execution of its functions and responsibilities; and
- l. Perform such other functions as may be assigned by the Authority.

15.03 The Philippine Domestic Construction Board (PDCB) shall exercise the following powers, duties and functions under PD 1746 including but not limited to the following:

- a. Formulate appropriate policies and guidelines for prequalification, bidding, award and contract implementation for the public construction and private construction sectors;
- b. Monitor, evaluate and, at regular intervals, disseminate information on the performance and contracting capacities of construction contractors, including but not limited to the blacklisting of erring construction contractors operating in the public construction sector;
- c. Formulate standard terms and conditions of contract for the public construction sector and the private construction sector;
- d. Accredite individual construction contractors associations for purposes of private sector representation in the various Prequalification, Bidding and awards Committees of the public construction sector;
- e. Undertake income-generating activities as may be necessary in the execution of its functions and responsibilities; and
- f. Perform such other functions as may be assigned by the Authority.

Section 16. Powers, Duties & Functions of CIAC.- The Construction Industry Arbitration Commission (CIAC), shall exercise the powers, duties and functions provided for by Executive Order No. 1008, including but not limited to the following;

- a. Establish rules of procedures to provide a fair and expeditious settlement of construction disputes through a non-judicial process which ensures harmonious and friendly relationships between or among the parties; and
- b. Provide for a program that would promote the utilization of arbitration as an alternative mode of settling construction-related disputes.



Section 17. Secretariats of the Implementing Agencies. - Each of the implementing agencies shall establish its own Secretariat Office, to service their respective Boards and to assist the Authority in the execution of its functions and responsibilities under the following conditions:

- 17.01 Each Secretariat Office shall be headed by an Executive Director, to be appointed by the Chairman of the Authority, upon recommendation by their respective Boards, with a pertinent budgetary, organizational, compensation and civil service rules and regulations.
- 17.02 Each Executive Office shall be provided with managerial, technical and clerical staff, with a staffing pattern duly approved by their respective Boards, and subject to pertinent government budgetary, organizational, compensation and civil service rules and regulations.
- 17.03 Each Executive Office shall be situated at a place so designated and recommended by their respective Boards, and duly approved by the Authority.

### RULE 3. FINAL PROVISIONS

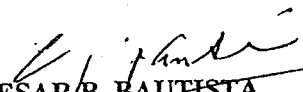
Section 1. Implementing Rules and Regulations (IRR). - In accordance with the provisions of Section 11 of the Decree, the Authority shall formulate, prescribe, issue or amend such implementing rules and regulations as may be necessary for the implementation of the general provisions of the Decree, and consistent with the letter and spirit of the Decree.

Section 2. IRR Amendments Committee. - The Authority may constitute an IRR Amendments Committee at any time during the effectivity of this IRR, to formulate and recommend to the Authority, amendments necessary for the implementation of the provisions of the Act. The IRR Amendments Committee shall be appointed by the Authority and may be composed of, among others, the different relevant professions in the industry and government agencies involved in major construction works.

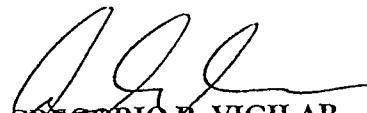
Section 3. Separability. - The provisions of these Implementing Rules and Regulations are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the remaining provisions not otherwise affected shall remain in full force and effect.


Section 4. Effectivity. - These Implementing Rules and Regulations and amendments thereto shall take effect fifteen (15) days from the filing of three (3) certified copies thereof with the Office of the National Administrative Register, U.P. Law Center.


Done in the City of Makati, this 13<sup>th</sup> day of March 1998 in the Year of Our Lord  
nineteen hundred and ninety eight.

  
CESAR B. BAUTISTA  
Chairman

(Represented by DTI Undersecretary J. O. Juliano)

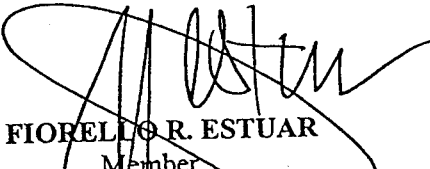
  
GREGORIO R. VIGILAR  
Member  
(Represented by DPWH Engr. E. L. Zabala)

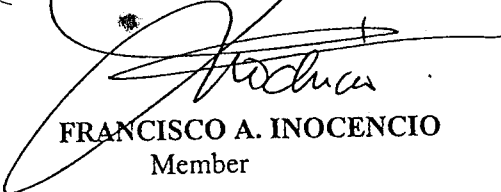
  
JOSEFINA T. LICHAUCO  
Member  
(Represented by DOTC Dir. Z.S. Pascua)

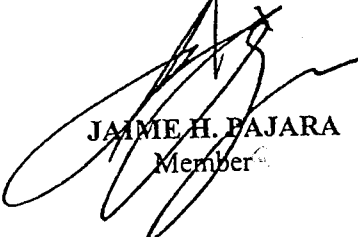
  
CRESCENCIANO TRAJANO  
Member  
(Represented by DOLE Dir. C.A. Cilindro)

  
ANTON C. KHO  
Member

  
ROGELIO M. MURGA  
Member

  
FIORELLO R. ESTUAR  
Member

  
FRANCISCO A. INOCENCIO  
Member

  
JAIME H. PAJARA  
Member

  
DAVID M. CONSUNJI  
Member