



MALACAÑAN PALACE  
MANILA

**MEMORANDUM ORDER NO. 12**

**APPROVING THE 2017 INVESTMENT PRIORITIES PLAN**

Pursuant to Article 29 of Executive Order No. 226 (s. 1987) or the Omnibus Investments Code of 1987, as amended, the attached 2017 Investment Priorities Plan (IPP) is hereby **APPROVED**.

Upon effectivity of the IPP, all government agencies and entities are enjoined to issue the necessary regulations to ensure its implementation in a synchronized and integrated manner. No government body shall adopt any policy or take any course of action contrary to, or inconsistent with, the IPP.

The Chairman of the Board of Investments shall render an annual report to the President on the accomplishments and implementation of the IPP.

This Order shall take effect fifteen (15) days after its publication in a newspaper of general circulation as required under Article 31 of the Omnibus Investments Code of 1987.

**DONE**, in the City of Manila this **28th** day of **February**, in the year of our Lord, Two Thousand and Seventeen.

*Rodolfo* 

By the President:

  
**SALVADOR C. MEDIALDEA**  
Executive Secretary



## FOREWORD

With the theme “Scaling Up and Disbursing Opportunities,” the new IPP reflects the Administration’s desire to see economic growth spread to a broader segment of the population. Intensifying implementation of the government’s comprehensive national industrial strategy, we have made significant adjustments in the sectoral coverage qualified for registration with the Board of Investments (BOI).

Taking-off from the President’s zero + 10-point SocioEconomic Agenda and Ambisyon Natin 2040 and the objectives of the Philippine Development Plan, the BOI has identified ten (10) preferred activities for investments. This list significantly differs from the 2014 IPP with the inclusion of more MSME oriented, innovation-driven, health and environment conscious activities that look at expanding job opportunities for more segments of the population and bringing more firms into the local and global value chains. In addition, there is a deliberate policy to shift investments to the countryside.

The broadened coverage of the 2017 IPP aims to encourage and attract new capital in sectors and regions that can help address the inequality of growth and the jobs gap. Using experience from developing industry roadmaps and implementing the new industrial policy, this IPP seeks to transform both the manufacturing and agricultural sectors by expanding their forward and backward linkages, particularly with MSMEs.

The 2017 IPP is emphasizing two things – continuity of industrial policy direction and its implementation; and the identification of opportunities that can directly impact the lives of all participants in the growth process.

The 2017 IPP contains the following priority investment areas:

1. Preferred Activities: All qualified manufacturing including agri-processing; Agriculture, Fishery and Forestry; Strategic Services; Infrastructure and Logistics including LGU-PPPs; Health Care Services including drug rehabilitation; Mass Housing; Inclusive Business Models; Environment and Climate-change; Innovation Drivers; and Energy.
2. Export Activities including services exports and activities in support of exporters;
3. Activities based on Special Laws granting incentives; and
4. ARMM List.

This 2017 IPP list was formulated through a process that is both analytical and participative, covering a range of sectors and geographic areas. Regional consultations were held in Metro Manila, Cebu and Davao. Various inter-agency and private sector consultative meetings were held to finalize the list. A national Manufacturing Summit that had participants from major industry associations, government agencies, non-government organizations and the academe also helped in the crafting of sectoral priorities and identification of necessary incentives and binding constraints. These ensure that the important elements for a more inclusive and participative economic growth have been put into the Plan.



**RAMON M. LOPEZ**

Chairman, Board of Investments  
Secretary, Department of Trade and Industry

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*Proposed Theme: Scaling Up and Dispersing Opportunities*

**I. PREFERRED ACTIVITIES FOR INVESTMENT**

*A. Preferred Activities*

1. All Qualified Manufacturing Activities including Agro-Processing<sup>1</sup>

This covers the manufacture of industrial goods and processing of agricultural and fishery products, including Halal and Kosher food, into (a) semi-finished/intermediate goods for use as inputs in the production of other goods, or (b) finished products or consumer goods for final consumption.

This also covers the manufacture of modular housing components and machinery and equipment including parts and components.

Except for modernization projects, only projects located outside Metro Manila may qualify for registration.

2. Agriculture, Fishery and Forestry

This covers commercial production of agricultural, fishery and forestry products.

This also covers production of seeds and seedlings, and establishment of nurseries and hatcheries, and support services and infrastructures, such as, facilities for drying, cold chain storage, blast freezing, bulk handling and storage; harvesting, plowing, and spraying/dusting; packing houses, trading centers, ice plants in Less Developed Areas, AAA slaughterhouse, AAA dressing plant.

Except for modernization projects, only projects located outside Metro Manila may qualify for registration. Modernization projects include those for agricultural support services and infrastructure only.

3. Strategic Services<sup>1</sup>

a. IC Design

This covers all logic and circuit design techniques required to design integrated circuits (ICs).

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<sup>1</sup>Subject to the criteria on the qualification for registration of projects to be defined and clarified by the Board in the implementing guidelines.

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b. Creative Industries/Knowledge-Based Services

This covers IT-BPM services for the domestic market (e.g., contact centers, data analytics), and those that involve original content such as animation, software development, game development, health information management systems, and engineering design.

This also covers digital or technological start-ups/activities.

c. Maintenance, Repair, and Overhaul (MRO) of aircraft

This covers the MRO of all types of aircraft.

d. Charging/Refueling Stations for Alternative Energy Vehicles

This covers the establishment of charging/refueling stations for alternative energy vehicles except LPG-run vehicles.

e. Industrial Waste Treatment

This covers the establishment of treatment facilities for toxic and hazardous wastes (THW) from an industrial operation.

f. Telecommunications

This covers the establishment of connectivity facilities for fixed and mobile broadband services.

Only new players may qualify for registration.

g. State-of-the-art Engineering, Procurement, and Construction

This covers engineering design, procurement, and construction for industrial plants and infrastructure.

4. Healthcare Services including Drug Rehabilitation Centers<sup>2</sup>

This covers the establishment and operation of general and specialty hospitals, and other medical/healthcare facilities including drug rehabilitation centers.

5. Mass Housing

This covers the development of mass housing units based on a price ceiling of Php2.0 Million.

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<sup>2</sup>Subject to positive list of location as endorsed by the DOH.

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This also covers in-city low-cost housing projects for lease.

Except for in-city low-cost housing for lease, only projects located outside Metro Manila may qualify for registration.

6. Infrastructure and Logistics including LGU-PPPs

This covers the establishment and operation of physical infrastructures vital to the country's economic development and prosperity such as, but not limited to: airports, seaports, (air, land and water) transport, LNG storage and regasification facilities, pipeline projects for oil and gas, bulk water treatment and supply, training facilities, testing laboratories, and domestic industrial zones.

This also covers PPP projects including those initiated and/or implemented by Local Government Units (LGUs).

7. Innovation Drivers

This covers research and development (R&D) activities, conduct of clinical trials (including drug trials) and the establishment of Centers of Excellence, innovation centers, business incubation hubs, and fabrication laboratories (fablabs)/co-working spaces.

This also covers commercialization of new and emerging technologies and products of DOST or government-funded R&D, such as, but not limited to:

- Agricultural biotechnology tools
- Disaster mitigation/prevention hardware or software
- Hardware or software for increasing agricultural productivity
- Mechanized means for natural resources conservation
- Portable technologies – innovation on existing bulky or heavy device to make it portable, or a new device or service that can be brought virtually anywhere
- Hardware or software for the prevention of disease outbreaks
- Remote monitoring devices or systems
- Professional services for remote sensing
- Hardware or software for the upgrading of local industries
- Photonics and Nanotechnology
- Natural health products

8. Inclusive Business (IB) Models

This covers business activities of medium and large enterprises (MLEs) in the agribusiness and tourism sectors that provide business opportunities to micro and small enterprises (MSEs) as part of their value chains.

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IB projects may qualify for Pioneer status.

9. Environment or Climate Change-Related Projects

This covers manufacture/assembly of goods and the establishment of energy efficiency-related facilities where either utilization of which would significantly lead to either the efficient use of energy, natural resources or raw materials; minimize/prevent pollution; or reduce greenhouse gas emissions.

This also covers green ship recycling based on international standards, and the establishment of privately-owned materials recovery facility.

10. Energy

This covers power generation projects utilizing conventional fuels (i.e., coal, diesel, bunker, natural gas, and geothermal), waste heat and other wastes, and the establishment of battery energy storage systems.

*B. Export Activities*

1. Production and manufacture of export products
2. Services Exports<sup>3</sup>
3. Activities in support of exporters

*C. Special Laws*

This covers activities where inclusion in the IPP is mandated for purposes of incentives, as follows:

1. Industrial Tree Plantation (P.D. 705);
2. Mining (R.A. 7942) (limited to capital equipment incentive);
3. Publication or Printing of Books/Textbooks (R.A. 8047);
4. Refining, Storage, Marketing and Distribution of Petroleum Products (R.A. 8479);
5. Rehabilitation, Self-Development and Self-Reliance of Persons with Disability (R.A. 7277);
6. Renewable Energy (R.A. 9513); and
7. Tourism (R.A. 9593).

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<sup>3</sup>Contact centers and non-voice business processing activities that will be located in Metro Manila may no longer be qualified for incentives availment with the Board of Investments under Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987, as amended, by year 2020.

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**II. ARMM LIST**

The 2017-2019 ARMM List contains the following priority investment areas:

*A. EXPORT ACTIVITIES*

1. Export Trader and Service Exporters
2. Support Activities for Exporters

*B. AGRICULTURE, AGRIBUSINESS, AQUACULTURE and FISHERY*

*B.1. Agriculture and Agribusiness*

This covers all types of agricultural production, farming, plantation, processing or manufacturing, as long as, the land or the agricultural production, plantation, processing or manufacturing is based in ARMM. It includes value-chain, value-adding, logistical and supply chain agribusiness activities based in or involving ARMM agricultural products or the farmers of the region, such as silo storage and drying facilities.

*B. 2. Aquaculture and Fishery*

This covers the aquamarine industry; inland water resources; seaweeds; fishing; fish pond including other marine, inland and brackish water farming, such as abalone farms, shrimp farming or crab fattening; the establishment of hatcheries or breeding of fingerlings and processing of such marine and inland water resources.

*C. BASIC INDUSTRIES*

This covers the production of pharmaceuticals such as antibiotics; traditional or herbal medicines and related activities such as bio-prospecting; textile or garments; water supply and treatment; ice plant or refrigeration; traditional craft like boat building; production of inorganic and organic fertilizer; all types of heavy industries, such as the steel industry, petrochemical industry, ship-building, ship breaking, ship repair and servicing; dredging for industrial purposes and landfill; cement production and concrete aggregates.

*D. INFRASTRUCTURE AND SERVICES*

This covers strategic infrastructure projects such as railways, bridges, tollways, flood control and support industries like sand and gravel, batching plant and pre-mixing of cements; air, land and water transportation; telecommunications to include the construction and operation of international gateway facilities both satellite-linked or linked by terrestrial and submarine cables for internet connectivity, so long as these are based in ARMM and are holding ARMM franchise, or servicing ARMM areas including to and from ARMM in order to increase inter-connectivity and support regional or national integration.

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*E. INDUSTRIAL SERVICE FACILITIES*

This covers industrial centers or industrial estates to include testing and quality control laboratories; manpower training and demonstration centers; vocational and technical skills services and facilities; call centers and Information Technology related enterprises such as business process outsourcing; tool and dye shops and similar facilities; metal casting and metal working; furniture and fixtures; ceramics and tile-making; petrochemical complex and industrial gases.

*F. ENGINEERING INDUSTRIES*

This covers engineering products; electronics and telecommunication products; and fabrication of construction materials including pre-fabricated construction materials using new technologies (e.g. 3D printing) or indigenously sourced materials.

*G. LOGISTICS*

This covers the logistics, supply chain and logistics network industry; shipping, hauling and trucking; cargo shippers and forwarders; bulk carrier; warehousing and depots; storage; and other logistics facilities principally based in ARMM including transshipment hubs and services using ARMM ports, airports or located near its special economic zones. This also contemplates the ports industry and allied industry in the ARMM and ancillary services, such as arrastre and stevedoring, because the ARMM needs to attract more port industry players.

*H. BIMP – EAGA RELATED INVESTMENT ENTERPRISES*

This covers enterprises using the BIMP-EAGA framework on trade and investments and who are located or have their base of operations in the BIMP-EAGA namely, Brunei; Sabah and Sarawak in Malaysia; Maluku, Sulawesi, Kalimantan and Irian Jaya in Indonesia; and Mindanao and Palawan in the Philippines, who shall invest and engage in economic activity in the ARMM including traditional cross-border trade and the age-old barter trading to encourage the formalization of peripheral shadow economies.

*I. TOURISM*

This covers the establishment of tourism-related facilities and attractions; tourism-related services; hotel and restaurants catering to ARMM tourists; Halal-based tourism; tourist accommodation facilities; tourist transport facilities and development of retirement villages, which shall include health or medical facilities and other amenities.



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*J. HEALTH AND EDUCATION SERVICES AND FACILITIES*

The ARMM has some of the lowest indicators in the country regarding health and education as reflected in the Human Development Index. For this purpose, there is a need for incentives to be given to investors in the health and educational sectors such as putting-up of private hospitals, medical clinics, wellness centers, primary education, secondary education, tertiary education (colleges, universities and vocational-technical schools) and ancillary or support services such as teacher training centers.

*K. HALAL INDUSTRY*

The 2004-2010 MTPDP envisioned that ARMM shall be the production and processing center for the Halal industry. ARMM being the only Muslim region in the country has a comparative advantage in the Halal industry since majority of Halal consumers are in the region. Any Halal related business enterprises that obtain the necessary Halal certification or is operating under Islamic (Shariah) law principles shall be covered. Halal refers to the permissible products and services under Islamic Law.

*L. BANKING, NON-BANK FINANCIAL INSTITUTIONS AND FACILITIES*

Aside from conventional banking and finance, microfinance and cooperative financing, this includes Islamic banking and finance; and Islamic microfinance and pawnshop operations, since the ARMM is the most unbanked region in the country and there is a need for financial inclusivity in accordance with the provisions of the Organic Act (Sec. 7, Art. IX, R.A. No. 9054). This also includes remittance centers to cater to remittances of Overseas Filipino Workers. Guidelines for this purpose may be issued by the RBOI after consultation with the relevant stakeholders and institutions engaged in financial access and financial inclusivity programs and activities.

*M. ENERGY*

More energy investments are needed in the ARMM considering that the household electrification rate in the ARMM is the most dismal in the country with only 34% as compared with the national rate of 74%. This covers energy investments in upstream and downstream industries such as power generation, transmission and distribution. Off-grid and Small Power Utilities Group or SPUG areas shall be prioritized for investments and giving of incentives considering that these are stranded markets for electricity. It covers not only energy but also ancillary services and in the context of ARMM, this means the construction of substations and transmission and distribution towers considering that there are also frequent power outages due to disruption of such facilities from man-made and natural disaster causes.

---oOo---NOTHING FOLLOWS---oOo---