



Republic of the Philippines
Department on the Interior and Local Government
Department of Trade & Industry

October 12
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Joint Memorandum Circular No. 2011 -- 01

TO : ALL PROVINCIAL GOVERNORS, CITY AND MUNICIPAL MAYORS, PRESIDING OFFICERS AND MEMBERS OF THE SANGGUNIANG PANLALAWIGAN/PANLUNGSOD/BAYAN, THE REGIONAL AND PROVINCIAL DIRECTORS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT (DILG) AND THE DEPARTMENT OF TRADE AND INDUSTRY (DTI), PARTICULARLY THE BOARD OF INVESTMENTS, AND ALL OTHERS CONCERNED

SUBJECT : FORMULATION OF LOCAL INVESTMENT AND INCENTIVES CODE (LIIC)

1.0 Purpose

- 1.1 To enhance the competitiveness of the local investment climate through appropriate local policies and programs
- 1.2 To provide local governments (province, city, or municipality) with a guide for formulating their local investments and incentives code (LIIC) as a proactive measure to draw local and foreign investments especially in priority areas/industries and as a tool to define the development thrust of the LGU consistent with its Land Use Plan and zoning regulations, hasten the development of new or brownfield areas for industrial and business development, urban renewal or revitalization thereby attaining the LGU's economic and social objectives and contributing to regional and national goals
- 1.3 To clarify the roles and responsibilities of the various provinces, cities and municipalities, the Department of the Interior and Local Government (DILG) and the Department of Trade and Industry-Board of Investments (DTI-BOI), in ensuring the formulation and updating of Local Investments and Incentives Codes or ordinances.
- 1.4 To engage the Leagues of Provinces, Cities and Municipalities of the Philippines to provide a cohesive force in establishing strong collaboration among LGUs and national agencies particularly DILG and DTI-BOI in the formulation and implementation of the local investment ordinances, rules and regulations and policies, and in ensuring that local initiatives are consistent with national investment laws, rules and regulations and policies.

2.0 Statement of Principles

- 2.1 Economic growth and jobs creation which are essential in reducing poverty and improving the quality of life of people in a community require investments particularly from the private sector;

- 2.2 Local governments have important roles to play in creating conditions favorable to the inflow of private investments. This can be done through the formulation of a Local Investment and Incentives Code or ordinance that supports and promotes the development vision of the LGU as expressed in its Comprehensive Development and Land Use Plan and aligned with and supportive of regional and national thrusts.
- 2.3 Local governments need to provide a level playing field through policies that are clear transparent and uniformly and consistently applied for business to be attracted to their areas.
- 2.4 Improving the investment environment requires reforms in legal and regulatory environment for investments, including institutional and administrative processes that create bottlenecks and impede the flow of investments.
- 2.5 Consultation with the various sectors is imperative so that necessary safeguards to protect the environment, ensure the health and safety of the community, and social safety nets for micro, small and medium enterprises are guaranteed.

3.0 Roles and Responsibilities

3.1 Local Government Units (Provinces, Cities and Municipalities)

- (a) Create a Technical Working Group for the drafting of the Local Investments & Incentives Code that includes Sanggunian and private sector representatives.
- (b) Inventory existing local ordinances and resolutions on investments and incentives to set aside those that have been repealed or amended, those that duplicate other ordinances, those that are contrary to national laws and policies and generally those that need to be changed because they are no longer responsive to the demands of current realities.
- (c) Review various national laws and policies pertinent and relevant to the grant of local investments and incentives to ensure coherence and harmony
- (d) To the extent possible, consult and coordinate with the DTI-BOI, other relevant government agencies, institutions, and LGU Leagues concerned on matters relating to investment regulation and promotion and in aligning local investment and incentives ordinances, rules and regulations, policies and programs with national and regional development goals and strategies.
- (e) Follow an inclusive and participatory process that includes consultations with various stakeholders, particularly the poor, women and environmental groups in formulating the investments and incentives code or ordinance.
- (f) Secure technical assistance from DILG and other national government agencies, academe and other institutions with appropriate expertise on environmental safeguards, health and safety requirements and social safety nets that may be incorporated in the LIIC.
- (g) Secure technical assistance from the Department of Trade and Industry, through the Board of Investments, in matters relating to investment regulation and promotion.

- h) Endeavor that the extension of such assistance by any other concerned agencies shall be at no cost to the latter and shall be for the account of the LGUs.

3.2 Department of the Interior and Local Government

- (a) Together with LGU Leagues, advocate with local government units (LGUs) reforms in local investment climate through, among others, the formulation/ updating of Local Investments & Incentives Code (LIIC) and in the implementation of Investment Promotion programs;
- (b) Provide technical assistance to LGUs in the formulation of the LIIC and the design of investment promotion activities in coordination with DILG, DTI-BOI and other concerned institutions;
- (c) With DTI-BOI, prepare a Guide for LGUs in formulating the LIIC for dissemination to LGUs;
- (d) Through its Regional Offices, provide support to DTI-BOI, and its Regional Offices, LGA and/or other agency in the conduct of local training and capacity development interventions for local governments, and extending technical assistance to specific local government units on the formulation or updating of their investments and incentives code;
- (e) With the LGU leagues, design a monitoring tool to track the status of LIIC preparation and address the impediments or bottlenecks in the implementation of capacity building activities for local government units relative to investment promotion;
- (f) Coordinate with DTI-BOI, relevant government agencies, institutions, and LGU Leagues concerned on matters relating to investments regulations, in the formulation of any investment and incentives ordinances, rules and regulations, policies and programs.
- (g) To implement through its Regional Offices the monitoring tool and share reports to appropriate fora
- (h) Provide inputs to the development and preparation of resource materials for LGUs and assist in the dissemination of the same.

3.3 Department of Trade and Industry- Board of Investments

The DTI, as the primary coordinative and facilitative arm for trade, industry and investment activities, supports the effort of DILG through BOI, which is the lead agency in investments promotion and development of industry. As such, whenever feasible, DTI-BOI under this particular JMC shall:

- (a) Assist the LGUs in the review and/or formulation of their Local Investments and Incentives Code and Investments Priority Areas and in their investments promotion activities such as Investments Conferences, Business Matching Sessions, Inbound or Outbound Investments Missions, among others;
- (b) Make available to DILG and various local governments its expertise in the formulation of local investments code/ordinance and project preparation, development and implementation of capacity building, training and technical assistance programs relative to local investments promotion;

- (c) Provide resource persons and/or experts in the conduct of investment promotion, project preparation, development and implementation, capacity building, training and technical assistance programs for DILG and local governments;
- (d) Assist the LGUs in all matters relating to investment regulation and promotion with costs upon the requesting LGU.

4.0 Repealing Clause

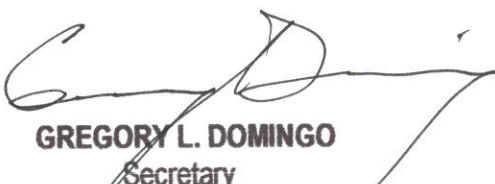
All issuances, circulars orders and memoranda which are inconsistent or contrary to the provisions of this JMC are hereby repealed or modified accordingly.

5.0 Effectivity

This Joint Memorandum Circular shall take effect immediately.


JESSE M. ROBREDO
Secretary

Department of the Interior and Local Government


GREGORY L. DOMINGO
Secretary

Department of Trade and Industry