



Republic of the Philippines  
**Department of Education**

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JUL 18 2012

DepEd MEMORANDUM  
No. **121**, s. 2012

**DISSEMINATION OF MEMORANDUM ORDER NO. 40  
(Approving the 2012 Investment Priorities Plan)**

To: Undersecretaries  
Assistant Secretaries  
Bureau Directors  
Directors of Services, Centers and Heads of Units  
Regional Directors  
Schools Division/City Superintendents  
Heads, Public Elementary and Secondary Schools  
All Others Concerned

1. For the information and guidance of all concerned, enclosed is a copy of Memorandum Order No. 40 dated June 13, 2012 from the Office of the President entitled, **“Approving the 2012 Investment Priorities Plan”** which is self-explanatory.
2. Immediate dissemination of this Memorandum is desired.

  
**BR. ARMIN A. LUISTRO FSC**  
Secretary

Encl.:  
As stated

Reference:  
None

To be indicated in the Perpetual Index  
under the following subjects:

LEGISLATIONS  
OFFICIALS  
PROGRAMS  
PROJECTS

D: SGC/DM-MO no. 40  
1378-July 13, 2012

MALACAÑAN PALACE  
MANILA

BY THE PRESIDENT OF THE PHILIPPINES

MEMORANDUM ORDER NO. 40

APPROVING THE 2012 INVESTMENT PRIORITIES PLAN

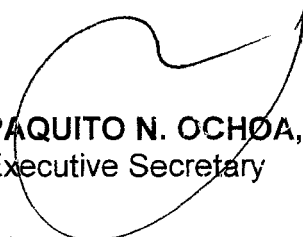
Pursuant to Article 29 of the Omnibus Investment Code of 1987, as amended, the attached 2012 Investment Priorities Plan (IPP) is hereby **APPROVED**. Further to the provision of said Article, upon the effectivity of the IPP, all government agencies and entities are enjoined not to adopt any policy or take any course of action contrary to or inconsistent with the IPP.

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

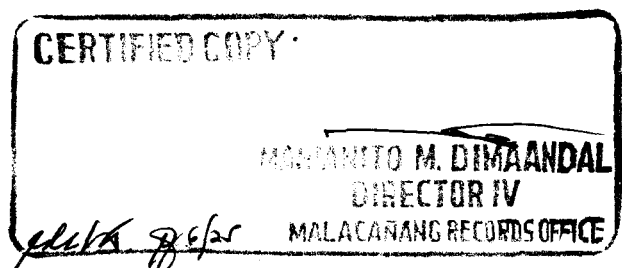
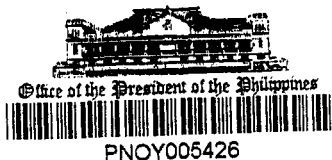
**DONE**, in the City of Manila, this 13<sup>th</sup> of June, in the year of our Lord, Two Thousand and Twelve.



By the President:



**PAQUITO N. OCHOA, JR.**  
Executive Secretary



## **INVESTMENT PRIORITIES PLAN 2012**

The coverage, description and entitlement to incentives of the following listed activities shall be defined and clarified in the General Policies and Specific Guidelines to be issued by the Board of Investments (BOI).

The extent of entitlement to incentives shall be based on the project's net value added, job generation, multiplier effect and measured capacity<sup>1</sup>.

### **I. PREFERRED ACTIVITIES**

#### **1. Agriculture/Agribusiness and Fishery**

This covers commercial production and commercial processing of agricultural, herbal and fishery products (including their by-products and wastes).

This also covers agriculture- and fishery-related activities such as irrigation, post harvest, cold storage, blast freezing, and the production of fertilizers and pesticides.

#### **2. Creative Industries/Knowledge-Based Services**

This covers business process outsourcing (BPO) activities, and IT and IT-enabled services that involve original content.

#### **3. Shipbuilding**

This covers the construction and repair of ships. This also covers shipbreaking/shiprecycling.

#### **4. Mass Housing**

This covers the development of low-cost mass housing. This also covers the manufacture of modular housing components preferably using indigenous materials.

#### **5. Iron and Steel**

This covers basic iron and steel products, long steel products (billets and reinforcing steel bars), and flat hot-/cold-rolled products.

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<sup>1</sup> Section 20 of EO 226 defines measured capacity as the estimated additional volume of production or service which the Board determines to be considerable in each preferred area of investment in order to supply the needs of the economy at reasonable prices, taking into account the export potential of the product including economies of scale which would render such product competitive in the world market. Measured capacity shall not be less than the amount by which the measurable domestic and country's potential export market demand exceeds the existing productive capacity in said preferred areas. For export market industries, when warranted, the Board shall base measured capacity on the availability of domestic raw materials after deducting the needs of the domestic market therefor.

## **6. Energy**

This covers the exploration, development, and/or utilization of energy sources adopting environmentally-friendly technologies.

## **7. Infrastructure**

This covers transport, water, logistics, waste management facilities, physical infrastructure (tollways, railways and telecommunication facilities), and PPP projects.

## **8. Research and Development**

This covers R&D activities and the establishment of research/ testing laboratories, Centers of Excellence (COE) and technical vocational education and training institutions.

## **9. Green Projects**

This covers the manufacture/assembly of goods and the establishment of energy efficiency-related facilities (such district cooling systems), 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.

## **10. Motor Vehicles**

This covers the manufacture/assembly of motor vehicles, including alternative fuel vehicles (AFVs) and electric vehicles (EVs) but excluding 2-stroke motorcycles, and manufacture of motor vehicles parts and components.

## **11. Strategic Projects<sup>2</sup>**

This covers projects that exhibit very high social economic returns that will significantly contribute to the country's economic development.

## **12. Hospital/Medical Services**

This covers the establishment and operation of primary and secondary hospitals.

## **13. Disaster Prevention, Mitigation and Recovery Projects**

This covers projects that will prevent or mitigate adverse impacts of calamities and disasters (e.g., installation of flood control systems, installation of early warning systems for typhoons, earthquake occurrences, tsunami, volcanic eruptions, dikes, etc.).

This also covers projects to rehabilitate areas affected by calamities and disasters (e.g., rebuilding of roads and bridges after earthquakes/floodings, volcanic eruptions, oil spill clean-up, etc.).

This further covers training for disaster preparedness, mitigation or recovery/rehabilitation/reconstruction.

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<sup>2</sup> Projects under these activities will be approved upon determination by the Board in consultation with the DOF, NEDA and other appropriate government agencies.

## II. MANDATORY LIST

This covers activities that require their inclusion in the IPP as provided for under existing laws.

### 1. Industrial Tree Plantation<sup>3</sup>

This covers extensive plantation of forest land of tree crops (except fruit trees) for commercial and industrial purposes.

### 2. Exploration, Mining, Quarrying and Processing of Minerals<sup>4</sup>

This covers the exploration and development of mineral resources, mining/quarrying and processing of metallic and non-metallic minerals.

### 3. Publication or Printing of Books/ Textbooks<sup>5</sup>

This covers printing, re-printing, publication and content development of books or textbooks.

### 4. Refining, Storage, Marketing and Distribution of Petroleum Products<sup>6</sup>

This covers refining, storage, distribution, and marketing of petroleum products.

### 5. Ecological Solid Waste Management<sup>7</sup>

This covers the establishment of waste recycling facilities.

### 6. Clean Water Projects<sup>8</sup>

This covers the establishment of wastewater treatment facilities, and sewage collection integrated with treatment facilities and the adoption of water pollution control technology, cleaner production and waste minimization.

### 7. Rehabilitation, Self-Development and Self-Reliance of Persons with Disability<sup>9</sup>

This covers the manufacture of technical aids and appliances for the use and/or rehabilitation of persons with disability, and the establishment of special schools, homes, residential communities or retirement villages solely to suit the needs and requirements of persons with disability.

### 8. Renewable Energy<sup>10</sup>

This covers developers of renewable energy facilities, including hybrid systems.

This also covers manufacturers, fabricators and suppliers of locally-produced renewable

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<sup>3</sup> P.D. No. 705 (Revised Forestry Code of the Philippines)

<sup>4</sup> R.A. No. 7942 (Philippine Mining Act of 1995)

<sup>5</sup> R.A. No. 8047 (Book Publishing Industry Development Act)

<sup>6</sup> R.A. No. 8479 (Downstream Oil Industry Deregulation Act of 1998)

<sup>7</sup> R.A. No. 9003 (Ecological Solid Waste Management Act of 2001)

<sup>8</sup> R.A. No. 9275 (Philippine Clean Water Act of 2004)

<sup>9</sup> R.A. No. 7277 (Magna Carta for Persons with Disability)

<sup>10</sup> R.A. No. 9513 (Renewable Energy Act of 2008)

energy (RE) equipment and components.

## 9. Tourism<sup>11</sup>

This covers tourism enterprises that are outside the tourism enterprise zones (TEZs) and are engaged in the following:

1. Tourist transport services whether for land, sea and air transport for tourist use;
2. Establishment and operation of:
  - Accommodation establishments such as but not limited to hotels, resorts, apartment hotels, tourist inns, motels, pension houses, private homes for homestay, ecolodges, condotels, serviced apartments, and bed and breakfast facilities;
  - Convention and exhibition facilities or "meetings, incentives, conventions and exhibition" (MICE) facilities;
  - Amusement parks;
  - Adventure and ecotourism facilities;
  - Sports facilities and recreational centers;
  - Theme parks;
  - Health and wellness facilities such as but not limited to spas, tertiary hospitals, and ambulatory clinics;
  - Agri-tourism farms and facilities; and
  - Tourism training centers and institutes.
3. Development of retirement villages.
4. Restoration/ preservation and operation of historical shrines, landmarks and structures.

## III. EXPORT ACTIVITIES

This covers the manufacture of export products, services exports and activities in support of exporters.

## IV. ARMM LIST

The ARMM List covers priority activities that have been identified by the Regional Board of Investments of the ARMM (RBOI-ARMM) in accordance with E.O. No. 458. The RBOI-ARMM may also register and administer incentives to activities in this IPP for projects locating in the ARMM.

### A. Export Activities

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

### B. Agriculture, Agribusiness/Aquaculture & Fishery

This covers the production and processing of agricultural and fishery products (production of "Halal" meat and foods), vegetable oils, food crops, integrated coconut processing and plantation, activated carbon, production of beverage crops and plantation, seaweeds production and processing, fruit processing, aquaculture (fish production and processing), young/sweet corn production, potato and sweet potato plantation/processing, cutflower

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<sup>11</sup> R.A. No. 9593 (Tourism Act of 2009)

production/processing, abaca plantation/processing, oil palm plantation/processing/refining and germinated oil palm seeds, feeds production, jatropha plantation/processing, sugarcane plantation/processing and refineries, quality seed and seedlings of fruit trees and other planting materials propagated asexually or by tissue culture, pearl culture/processing, production of livestock and poultry that includes processing, crocodile farming and processing, sericulture, feeds production and production of plantation crops and other pharmaceuticals, medical herbs/essential oil plants, biomass, rubber, carrageenan, mangosteen and moringa.

#### **C. Basic Industries**

This covers the production of pharmaceuticals such as antibiotics and medical devices, textile and textile products, inorganic and organic fertilizers using solid wastes materials, mining exploration and development of mineral resources (mining and quarrying of metallic and non-metallic minerals which includes small scale as defined under P. D. 1899 but to exclude river beds in operations and processing of minerals such as beneficiation and other metallurgical methods) and cement production of at least 1.0 million MTPY capacity (clinker based).

#### **D. Consumer Manufactures**

This covers processing of rubber products to be integrated with plantation and leather products.

#### **E. Infrastructure and Services**

This covers public utilities with developmental route of the five provinces and one city of ARMM and other adjacent cities and provinces such as common carriers, electric transmission/distribution, water supply facilities/waterways and sewerage systems, buses/cargo trucks, other specialized mass transport systems, power generation like hydro power, geothermal and natural gas, and telecommunications with international gateways.

#### **F. Industrial Service Facilities**

This covers testing and quality control laboratories, training and demonstration centers, tool shops and similar facilities, metal casting, metal working, furniture, ceramics and food processing, petrochemical complex and industrial gases.

#### **G. Engineering Industries**

This covers engineering products, electronics and telecommunication products, fabrication of construction materials and hydropower plant.

#### **H. Logistics**

This covers the transportation of cargoes and/or passengers (air, sea and/or land) and freight/cargo forwarding.

#### **I. BIMP – EAGA Trade and Investment Enterprises**

This covers enterprises located or have their base of operation in the BIMP – EAGA, namely, Brunei; Sabah and Sarawak in Malaysia; Maluku, Sulawesi, Kalimantan and Iriangaya in Indonesia; and Mindanao and Palawan in the Philippines, who shall invest and engage in economic activity in the ARMM including the age old Traditional Barter Trading System in the BIMP – EAGA.

#### **J. Tourism**

This covers the establishment of tourism estate subject to guidelines developed jointly by RBOI-ARMM and the Department of Tourism – ARMM, tourist accommodation facilities, tourist transport facilities and development of retirement villages which shall include health and medical facilities including amenities required by the Philippine Retirement Authority (PRA) and subject to the guidelines to be approved by RBOI-ARMM in consultation with the PRA, the Department of Health (DOH), the Regional Planning and Development Office (RPDO) and other concerned agencies.

#### **K. Health and Education Services and Facilities**

This covers the establishment of private hospitals, medical clinics, wellness centers, primary education, secondary education, tertiary education (colleges, universities and vocational – technical schools) and ancillary services including any and all health and education related investment.

#### **L. Halal Industry**

This covers services and the production and processing of products under muslim or islamic law.

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