



REPUBLIC OF THE PHILIPPINES
MINISTRY OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE MINISTER
MANILA

097-13 DPWH
3-25-87

18 March 1987

DEPARTMENT ORDER)
NO. 2)
Series of 1987)

SUBJECT: SUPPLEMENTAL AGREEMENTS

Effective as of date, no supplemental agreements shall be given due course, as these agreements partake of the nature of a negotiated contract which this Office has banned, as per Ministry Order NO. 1, series of 1987.

For agreements initiated prior to this date and for which a formal document has already been entered into by authorized field officials, subject to the approval of this Office, same may be forwarded for consideration, provided the following criteria are met:

1. The need to enter into supplemental agreement is brought about by an emergency and unforeseen circumstances and not by lack of anticipation of the requirements of the project.
2. The supplemental agreement involves overruns in contract quantities of items of work and/or changes of classification of materials, which are integral to the original scope of the contract, due to changes in field conditions.
3. The total cost of works covered by a supplemental agreement, which is contiguous to an on-going project, shall not exceed ten per cent (10%) of the contract cost of the on-going project.
4. The funding for supplemental agreements shall be charged to savings generated from the original contract.
5. Prices shall not be more than the original contract prices plus escalation, less cost of mobilization; but in cases where costs have gone down, corresponding reduction in unit prices shall be effected.

All supplemental agreements under negotiation which are not complying with the above criteria shall be immediately stopped and the proposed works awarded thru competitive public bidding.

Any official or contractor found antedating agreements to avoid application of this Department Order shall be severely dealt with.

Extreme emergency cases not complying with the above shall be brought to the attention of the Office of the Secretary for resolution.

VICENTE R. JAYME
Secretary

3-21-87