



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

January 13, 1986

MINISTRY ORDER)
No. 5)
Series of 1986)

SUBJECT: Amendment to Ministry Order No. 17
and 17-A, series of 1983, re Partial
Payment of Materials-on-site

In order to ease the financial burden of contractors in the execution of their projects under contract with this Ministry and to keep contractors working on locally funded projects on equal footing with those working on foreign-assisted projects wherein contracts on the latter allow partial payments for certain materials-on-site, partial payment of the following construction materials are hereby authorized, namely:

1. Asphalt
2. Reinforcing Steel (Cut and Bent)
3. Structural Steel
4. Piles (concrete or steel)
5. Sheet Piles (concrete or steel)
6. Pre-stressed or Pre-cast Concrete
7. Class I or II Rocks

Partial payment as above authorized shall be subject to the following conditions:

1. That the contractor should apply in writing for payment using the attached standard request form;
2. That the District Engineer, Regional Director, Deputy Minister concerned or Minister, depending upon who is the official authorized to approve the payment voucher approves the above request following its review, inspection, valuation and recommendation of the Project Engineer concerned;
3. That partial payment therein shall be up to a maximum of seventy percent (70%) of the invoiced cost of the materials or seventy percent (70%) of the cost of these materials as determined from the bid price of the work item to which they will be incorporated, whichever is lower;
4. That the quantities of these materials shall not exceed the requirements of the project;
5. That the contractor shall remain principally responsible for the safekeeping of these materials and shall be solely responsible for any loss, damage or injury to them for whatever cause;
6. That if the aggregate cost of the materials shall exceed ₱100,000.00, the contractor shall secure an all-risk insurance coverage for these materials from a reputable insurance company acceptable to the government;

7. That these materials shall pass the required quality tests on construction materials as prescribed under MO 31 dated September 3, 1985;

8. That partial payments to the contractor shall be made by inclusion of the same in his regular progress billing by adding the value of these materials as determined per item (3) above to the net amount of the regular billing;

9. That the partial payment given per item (7) above shall be fully deducted from the contractor's next immediate monthly billing without prejudice to his submitting another request for payment upon submission/approval of another written request as described in item (1) above; subsequent payments and recouplements shall be as afore-described.

This policy, with respect to existing contracts, may be implemented by means of a supplemental agreement or addendum executed by the parties, and all contracts executed hereafter shall incorporate a provision to this effect.

This order amends Ministry Order No. 17 and 17-A, series of 1983, and shall take effect immediately.


JESUS S. HIPOLITO
Minister