



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

January 28, 1985

MINISTRY ORDER

NO. 37-A

Series of 1985

Re: Amended Guidelines in the Renegotiation
of Contract Prices for IBRD-Assisted
Highway Projects

The guidelines in the renegotiation of contract prices for IBRD-assisted highway projects issued under Ministry Order No. 37, Series of 1984, dated August 21, 1984, are amended in its entirety.

To attain an equitable and uniform implementation of contract price adjustments for World Bank assisted projects under the Third Highway Project (IBRD Loan No. 1353-PH), Fourth Highway Project (IBRD Loan No. 1661-PH) and Rural Roads Improvement Project (IBRD Loan No. 1860-PH) as approved by the President on 08 March 1984, the following guidelines are hereby issued:


1. The Project Management Offices (PMOs) concerned with their respective Construction Supervision Consultants (CSC), in coordination with the contractors concerned, shall evaluate/determine the balance of work as of 01 November 1983 per approved work schedule (PERT/CPM) on all on-going contracts, together with the contractor's mark-up or expected profit therefore;
2. After evaluation/determination of the balance of work, the PMOs shall compute the current (November 1983) direct unit prices/costs of the approved agency estimate, using the plateau prices prevailing during the month of November 1983 but excluding contractor's mark-up or profit and mobilization.
3. The PMOs shall then prepare the revised agency estimates based on adjusted unit prices (AUP) which is equal to original unit bid price (OUBP) plus the difference between present direct unit cost computed from Item 2 above (PDC of AAE) and the original direct cost of the approved agency estimate (ODC of AAE); or stated in a formula $AUP = OUBP + (PDC \text{ of } AAE - ODC \text{ of } AAE)$.
4. The revised agency estimate, as prepared, shall be forwarded to the MPWH Central Estimating Committee for

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review/revision/modification, as the case may be, and shall thereafter be submitted to the Minister for approval. The revised AAE (Direct Cost) computed from the preceding Item 3, shall be the renegotiated contract price for the balance of work as of November 01, 1983 that shall be awarded to the contractor.

5. If after this renegotiation of contract prices there may be price fluctuations of construction materials and supplies, equipment and labor, which would cause an increase or decrease of more than five (5%) percent of the renegotiated contract unit price of items of work, further price escalation may be granted, applying the escalation method provided in PD 1594.

This Ministry Order shall supercede Ministry Order No. 37, Series of 1984.



JESUS S. HIPOLITO
Minister