



Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila

897.13 DPWH  
04-29-2015

APR 29 2015

DEPARTMENT ORDER )  
NO. **62** )  
Series of 2015 )

**SUBJECT: Revised Guidelines for the  
Implementation of DPWH Projects  
by LGU**

**Purpose**

In line with the Department's current reforms to streamline and strengthen its policies and procedures, the guidelines set for the implementation of DPWH Projects by LGU as provided under Department Orders No. 137 and 137-A, Series of 1999, is hereby revised to include the latest applicable laws and Department issuances.

1. **Pertinent Laws and Department Issuances**

1.1 The following provisions of existing laws serve as legal bases for the herein guidelines for the implementation by LGUs of DPWH projects:

- a. **Special Provision No. 16** of the DPWH budget under the FY 2015 GAA, provides that the "*Restriction on Delegation of Project Implementation. The implementation of the infrastructure projects appropriate herein shall not be delegated to other agencies, except those projects to be implemented by the AFP Corps of Engineers such as in areas considered for normalization, inter-department and inter-agency projects to be undertaken by other agencies and offices, and LGUs: PROVIDED, That in case of LGUs: (i) they shall have demonstrated capability to implement projects by administration as determined by DPWH; and (ii) they shall actually implement said projects by themselves: PROVIDED, FURTHER, That the DPWH shall exercise technical supervision over all delegated projects*". (**Annex A**)
- b. APPENDIX 1 Revised GPPB Guidelines for the implementation of Infrastructure Projects by Administration (**Annex B**).

1.2 The following Department issuances likewise serve as guidelines for the implementation by LGUs of DPWH Projects:

- a. D.O. No. 102, Series of 1988 – Calibrated Actions on Contracts with Negative Slippage
- b. D.O. No. 56, Series of 2005 – Guidelines for the Implementation of DOLE  
D.O. No. 13, Series of 1998, On Occupational Safety and Health in the Construction Industry
- c. D.O. No. 14, Series of 2007 – Authorizing the Release of initial Advance Equivalent to fifty percent (50%) of Approved Project Cost for the Implementation of DPWH Projects by the LGU.

## 2. **General Guidelines**

- 2.1 In accordance with the said provisions of existing laws the following conditions must be met before the DPWH Secretary can authorize an LGU to implement a DPWH Project:
- a. The LGU shall implement the Project by itself, i.e., by administration only.  
  
The District Engineer/Regional Director shall submit copy of their approved Annual Procurement Plan (APP), if the original mode of procurement recommended in the APP was Public Bidding but cannot be ultimately pursued, or the project to be undertaken by Administration has not been previously included, the BAC, through a resolution shall justify and recommend the change in the mode of procurement.
  - b. The LGU must possess the demonstrated capability to implement the Project by administration, as determined by the concerned DPWH District Engineer, and approved by the Regional Director using the evaluation criteria prescribed in item 3 hereof.
  - c. The LGU shall submit authority to enter into MOA with DPWH thru resolution from concerned Sangguniang Bayan/ Panglungsod/ Panlalawigan for the implementation of DPWH Projects.
  - d. For projects funded by the National Government and implemented by a Local Government Unit, the latter shall be required to post the necessary warranty security in accordance with Section 62 of RA 9184 and its IRR.
  - e. The LGU shall implement the Project in accordance with the Program of Work; Plans, Specifications, Project Cost (Budget) and Time Duration approved by the authorized DPWH official.
- 2.2 The LGU shall, to the extent feasible, use labor-based equipment-supported methods in implementing the Project.
- 2.3 The LGU shall start the project within fifteen (15) days from the approval of the MOA and shall complete the PROJECT within the duration as stipulated in the approved MOA.
- 2.4 The LGU shall submit monthly monitoring reports on the PROJECT to the DPWH Regional Director/District Engineer.
- 2.5 Upon the satisfactory completion by the LGU of the PROJECT as certified by the designated DPWH Inspectorate Team, the DPWH Regional Director/District Engineer shall issue to the LGU the corresponding Certificate of PROJECT Completion.



- 2.6 Within one (1) year after the issuance of the Certificate of PROJECT Completion, the LGU shall correct, at its own expense, all defects discovered in the PROJECT due to faulty construction or use of substandard materials. After this one-year period and after the PROJECT is certified by the DPWH Inspectorate Team as having no defect, the DPWH Regional Director/District Engineer shall issue to the LGU the Certificate of PROJECT Acceptance.
- 2.7 DPWH reserves the right to terminate the services of the LGU if the negative slippage goes beyond 15% in comparison to the original schedule due to reasons attributed to the poor performance of the LGU in accordance with DPWH D.O. No. 102, Series of 1988.
- 2.8 The DPWH shall exercise technical supervision over the project pursuant to the Special Provision of the GAA of the DPWH Appropriation.
- 2.9 The LGU shall observe/comply with the Safety and Health requirements at project site in compliance with DPWH D.O. No.56, Series of 2005.
- 2.10 The LGU shall be accountable for the Project funds released to it by the DPWH.
- 2.11 DPWH shall release to the LGU an initial cash advance equivalent to fifty percent (50%) of the approved Project Cost. The DPWH shall release subsequent cash funds to the LGU only after the latter has liquidated previous cash advances based on Liquidation Reports certified correct by the LGU Treasurer/Accountant and verified and found correct by the Resident Auditor of the Commission on Audit.

### **3. Criteria for Determining the Capability of an LGU**

- 3.1 The DPWH District Engineer concerned shall evaluate and determine the demonstrated capability of an LGU to implement a Project by itself, i.e., by administration, on the basis of the following criteria:
  - a. For LGUs: Maintenance condition of the local roads under the LGU.
  - b. Construction/maintenance experience or track record of the LGU relevant to the proposed Project.
  - c. Organization and personnel of the LGU for the proposed Project.
  - d. Construction equipment of the LGU for the proposed Project.
  - e. Financial and procurement management systems of the LGU.
- 3.2 The details of these evaluation criteria, including the measurable indicators thereof and their application, are given in the prescribed evaluation format in Annex "C", which shall be prepared and submitted by the District Engineer and approved by the Regional Director.

#### 4. **Project Memorandum of Agreement**

- 4.1 Every Project to be undertaken by an LGU in accordance with the provisions of this Department Order shall be covered by a Project Memorandum of Agreement (MOA) to be entered into by and between the DPWH and the LGU concerned, using the format in Annex "D".
- 4.2 The following DPWH officials are hereby authorized to enter into and approve the said MOA:

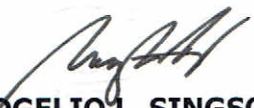
<u>Project Cost</u>	<u>Signing Official/Entering</u>	<u>Approving Official</u>
Up to P10 M	District Engineer	Regional Director
Above P10 M	Regional Director	Secretary

#### 5. **Coordination with Implementing Offices**

- 5.1 The LGU implementing Office must coordinate with the responsible DPWH Unit in executing the MOA.

#### 6. **Effectivity**

This Department Order supersedes/ amends Department Orders No. 137 and 137-A, Series of 1999 and other issuances inconsistent herewith, and takes effect immediately.

  
**ROGELIO L. SINGSON**  
Secretary

Department of Public Works and Highways  
Office of the Secretary



WIN5102619



## 2. GENERAL APPROPRIATIONS ACT, FY 2015

Cordillera Administrative Region (CAR)	259,419,000	23,554,000	5,458,545,000	5,741,518,000
Region III - Central Luzon	367,209,000	27,788,000	12,865,795,000	13,260,792,000
Region IVA - CALABARZON	348,205,000	28,888,000	15,216,234,000	15,593,327,000
Region IVB - MIMAROPA	246,435,000	21,188,000	5,818,600,000	6,086,223,000
Region V - Bicol	365,473,000	28,888,000	11,095,132,000	11,489,493,000
Region VI - Western Visayas	338,941,000	28,888,000	11,544,621,000	11,912,450,000
Region VII - Central Visayas	321,007,000	27,788,000	8,372,335,000	8,721,130,000
Region VIII - Eastern Visayas	324,699,000	26,688,000	8,821,814,000	9,173,201,000
Region IX - Zamboanga Peninsula	239,807,000	23,388,000	6,963,025,000	7,226,220,000
Region X - Northern Mindanao	275,844,000	25,588,000	10,746,968,000	11,048,400,000
Region XI - Davao	233,705,000	21,188,000	7,358,469,000	7,613,362,000
Region XII - SOCCSKSARGEN	229,416,000	21,188,000	6,783,126,000	7,033,730,000
Region XIII - CARAGA	226,976,000	22,288,000	4,514,288,000	4,763,552,000

TOTAL NEW APPROPRIATIONS

P 5,186,652,000 P10,861,837,000 P274,422,399,000 P290,470,888,000

### Special Provision(s)

1. Special Road Support Fund. In addition to the amounts appropriated herein, Nine Billion Nine Hundred Seventeen Million Nine Hundred Eighty Seven Thousand Pesos (P9,917,987,000) sourced from eighty percent (80%) collections from the Motor Vehicles User's Charge (MVUC), constituted into the Special Road Support Fund, shall be used for the maintenance of roads and bridges and improvement of road drainage in accordance with Section 7 of R.A. No. 8794: PROVIDED, That five percent (5%) of the total appropriations for maintenance of roads to be applied across-the-board to the allocation of each region shall be set aside for the maintenance of the roads which may be converted to, or taken over as, national roads during the current year, which shall be released to the Central Office of the DPWH for eventual sub-allotment to the regions and districts concerned. Any balance therefrom shall be restored to the regions on a pro-rata basis for the maintenance of existing national roads: PROVIDED, FURTHER, That a minimum of ninety percent (90%) of the appropriations for maintenance of roads and bridges may be contracted out to qualified entities, including LGUs with the capability to, and which will actually, implement the project by themselves, as determined by the DPWH, through the execution of a MOA. Any balance therefrom shall be used for maintenance of projects to be implemented by force account.

Any modification of the details of the projects covered from said Fund may only be undertaken until the end of the second quarter upon prior approval of the Road Board, and used in accordance with Section 7 of R.A. No. 8794. The Secretary of Public Works and Highways shall inform the DBM, in writing, of every modification within five (5) calendar days from its approval and shall post such modification on the official website of the DPWH.

Releases from said Fund shall be subject to prior approval of the Road Board, and the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, s. 1987.

The DPWH shall submit to the DBM, the House Committee on Appropriations, the Senate Committee on Finance and COA, quarterly reports on the financial and physical accomplishments on the utilization of said Fund. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the official website of the DPWH, which shall be considered compliance with the said reportorial requirement.

2. Special Road Safety Fund. In addition to the amounts appropriated herein, One Billion Forty One Million Two Hundred Ten Thousand Pesos (P1,041,210,000) sourced from seven and one-half percent (7.5%) collections from the MVUC, constituted into the Special Road Safety Fund, shall be used for the installation of adequate and efficient traffic lights and road safety devices in accordance with Section 7 of R.A. No. 8794.

Any modification of the details of the projects covered from said Fund may only be undertaken until the end of the second quarter upon prior approval of the Road Board, and used in accordance with Section 7 of R.A. No. 8794. The Secretary of Public Works and Highways shall inform the DBM, in writing, of every modification within five (5) calendar days from its approval and shall post such modification on the official website of the DPWH.

Releases from said Fund shall be subject to prior approval of the Road Board, and the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

The DPWH shall submit to the DBM, the House Committee on Appropriations, the Senate Committee on Finance and COA, quarterly reports on the financial and physical accomplishments on the utilization of said Fund. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the official website of the DPWH which shall be considered compliance with the said reportorial requirement.

3. Special Local Road Fund. In addition to the amounts appropriated herein, One Billion Two Hundred Thirty Seven Million Two Hundred Sixty Eight Thousand Pesos (P1,237,268,000) sourced from five percent (5%) collections from the MVUC, constituted into the Special Local Road Fund, shall be used for the maintenance of local roads, traffic management and road safety devices in accordance with Section 7 of R.A. No. 8794.

Any modification of the details of the projects covered from said Fund may only be undertaken until the end of the second quarter upon prior approval of the Road Board, and used in accordance with Section 7 of R.A. No. 8794. The Secretary of Public Works and Highways shall inform the DBM, in writing, of every modification within five (5) calendar days from its approval and shall post such modification on the official website of the DPWH.



Releases from said Fund shall be subject to prior approval of the Road Board, and the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

The DPMH shall submit to the DBM, the House Committee on Appropriations, the Senate Committee on Finance and COA, quarterly reports on the financial and physical accomplishments on the utilization of said Fund. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the official website of the DPMH which shall be considered compliance with the said reportorial requirement.

4. Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo. The amount of Two Billion One Hundred One Million One Hundred Twenty Two Thousand Pesos (P2,101,122,000) appropriated herein for the Tulay ng Pangulo Para sa Kaunlarang Pang-Agraryo shall be released to the DPMH upon endorsement by the Secretary of Agrarian Reform of the location or sites where the bridges will be constructed.

The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that the list of location or sites of bridges to be constructed with the corresponding budgetary allocation, community of farmer and fisherfolk beneficiaries, status of implementation, and project evaluation and/or assessment reports are posted on the official website of the DPMH.

5. Tourism Road Infrastructure Program. The amount of Sixteen Billion Four Hundred Eighty Nine Million Five Hundred Eighteen Thousand Pesos (P16,489,518,000) appropriated herein for the Tourism Road Infrastructure Program shall be used to cover the construction, upgrading, rehabilitation and improvement of roads and bridges in support of the National Tourism Development Program.

The national and local roads and bridges covered under this Program shall be those jointly identified by DPMH and DOT based on the basic technical criteria and priority areas for tourism development.

6. Provision for Public-Private Partnership Infrastructure Projects. The amount of Eight Billion Eight Hundred Fifty Three Million Six Hundred Thousand Pesos (P8,853,600,000) appropriated herein for the Public-Private Partnership Strategic Support Fund shall be used exclusively to cover payment for Right-of-Way (ROW) acquisition expenses including costs incurred for the removal and relocation of informal settlers and illegal occupants on the land or property, for the following projects: (i) Tarlac-Pangasinan-La Union Expressway; (ii) Daang-Hari South Luzon Expressway Link Road; (iii) North Luzon Expressway-South Luzon Expressway Connector Road; (iv) Cavite-Laguna Expressway; (v) Laguna Lakeshore Expressway Diike; and (vi) BATA Expressway: PROVIDED, That no amount from this Fund shall be used to pay the private partner's financial obligations whose payment the government has guaranteed.

7. Local Infrastructure Program. The amount of Twenty Seven Billion Three Hundred Fifty Two Million Six Hundred Ninety One Thousand Pesos (P27,352,691,000) appropriated herein under the Local Infrastructure Program shall be utilized for the construction and/or rehabilitation of the following local infrastructures, including the completion of existing ones:

- a) Roads and Bridges including Farm to Market Roads and Pathways;
- b) Classrooms or Academic Buildings;
- c) Flood Control Projects;
- d) Multi-Purpose Buildings, Health Facilities and Government Buildings; and
- e) Levels 2 and 3 Water Supply Systems:

PROVIDED, That any procurement arising from the implementation of this Program shall comply with the provisions of R.A. No. 9184, and its Implementing Rules and Regulations and guidelines, particularly on the posting requirements on the Philippine Government Electronic Procurement System: PROVIDED, FURTHERMORE, That the DPMH is authorized to charge not more than one percent (1%) of the project cost for engineering and administrative overhead expenses from the allocation under this Program: PROVIDED, FURTHERMORE, That in case of projects to be implemented by LGUs, the DPMH must first determine that the LGU has the actual capability to implement the infrastructure project by itself: PROVIDED, FURTHERMORE, That the DPMH may engage a third party agency, entity or organization to monitor the implementation of this Program: PROVIDED, FINALLY, That the DPMH shall submit a quarterly report on the utilization of this amount to the DBM, the House Committee on Appropriations, and the Senate Committee on Finance.

The DBM and DPMH shall post the list of infrastructure projects covered and the municipality and barangay where it is located, as well as the recipient SUC when applicable, with corresponding cost per project on their respective official websites. The DPMH shall likewise post the below information within the period stated on its official website:

Within thirty (30) days from entering into contract with the winning bidder:

Within thirty (30) days from the issuance of a Certificate of Completion:

- a) Project title and detailed description including nature/scope and location thereof;
- b) Detailed estimates in arriving at the Approved Budget of the Contract; and
- c) Name of winning bidder and the detailed estimates of the bid as awarded.

- a) Actual cost of the project; and
- b) Variation orders issued, if any.

The agency's web administrator or his/her equivalent shall be responsible for ensuring compliance with the above posting requirements.



Implementation of this provision shall be subject to guidelines as may be issued by the DPWH in consultation with the DBM for the purpose.

8. **Payapa at Masaganang Pamayanan Program.** The amount of Five Hundred Nineteen Million Pesos (P519,000,000) appropriated herein for the Payapa at Masaganang Pamayanan (PAMANA) Program shall be used exclusively to implement projects in conflict-affected areas already identified by the QPAPP. In no case shall said amount be used for any other purpose.

The DPWH shall submit, either in printed form or by way of electronic document, to the QPAPP quarterly reports on the status of the implementation of the PAMANA Program including the list of projects and beneficiaries and their corresponding amounts. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DPWH.

9. **Rehabilitation or Reconstruction of Damaged Paved National Roads and Road Upgrading.** The amount of Sixteen Billion Three Hundred Twenty Five Million Eight Hundred Ninety Eight Thousand Pesos (P16,325,898,000) appropriated herein shall be used exclusively for the rehabilitation or reconstruction of existing pavement, and upgrading of national roads from gravel to paved or from asphalt to concrete based on the projects identified by the DPWH in this Act. In no case shall said amount be used for any other purpose.

10. **Preventive Maintenance of Roads and Bridges.** The amount of Four Hundred Sixty Three Million Nine Hundred One Thousand Pesos (P463,901,000) appropriated herein shall be used exclusively for the preventive maintenance of national roads and bridges based on the projects identified by the DPWH in this Act. In no case shall said amount be used for any other purpose.

11. **Release of Funds for Water Supply and Sanitation Infrastructure Projects.** The amount of Two Billion Pesos (P2,000,000,000) for the Water Supply and Sanitation of Poverty Areas And Tourism Priority Sites shall only be released upon submission by the DPWH to the DBM of the location or sites and program of works for each project: PROVIDED, That the DPWH shall coordinate with the agencies concerned for the proper identification of location or sites for said projects.

12. **Special Assessments.** The DPWH shall assess all service utilities and franchise holders or any other corporation, entity or person, which may cause damage to infrastructure or any public works or highway projects, the estimated amount for the restoration, reconstruction or renovation of any damaged infrastructure. The proceeds from such assessment shall be deposited with the National Treasury as trust receipts pursuant to Section 5 of the General Provisions of this Act, and shall be used exclusively for the restoration, reconstruction or renovation of the damaged infrastructure. Disbursements therefrom shall be made in accordance with pertinent accounting and auditing rules and regulations.

13. **Right-of-Way Acquisition.** The amounts appropriated herein for infrastructure projects which cover costs for ROW acquisition shall be used exclusively for the payment of ROW acquisition expenses and costs incurred for the removal and relocation of informal settlers and illegal occupants on the land or property: PROVIDED, That the DPWH shall resolve all ROW issues prior to commencement of any infrastructure project.

In no case shall said amount be used for any other purpose.

14. **Prior Years' Right-of-Way Expenses and Other Contractual Obligations.** The amount of Three Billion Two Hundred Twelve Million Four Hundred Thirty Two Thousand Pesos (P3,212,432,000) appropriated herein shall be used exclusively for the payment of prior years' ROW expenses and other contractual obligations incurred by the DPWH in the implementation of infrastructure projects, respectively. In no case shall said amount be used for any other purpose.

Releases from said amount shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292, including the list of claimants with the corresponding projects and amounts certified correct by the DPWH.

15. **Engineering and Administrative Overhead Expenses.** The DPWH is authorized to deduct not more than the following percentages of the project cost for infrastructure projects of the Department to be used for engineering and administrative overhead (EAO) expenses: (i) three and one-half percent (3.5%) for those directly released to its Central Office; (ii) two and one-half percent (2.5%) for those directly released to its Regional Offices; and (iii) two percent (2%) for those directly released to its District Engineering Offices. The use thereof shall be limited: (i) administrative overhead including the hiring of individuals engaged through job-orders or contracts of service or such other engagement of personnel without any employer-employee relationship; (ii) pre-construction activities; (iii) construction project management; (iv) testing and quality control; (v) acquisition, rehabilitation and repair of heavy equipment and other related equipment and parts used in the implementation of infrastructure projects; and (vi) contingencies in relation to pre-construction activities: PROVIDED, That the EAO expenses shall be treated or backed-up as capitalized expenditures and shall form part of the project cost.

For infrastructure projects of other departments or agencies and undertaken by the DPWH, the DPWH Central Office, regional offices and district engineering offices are only authorized to deduct not more than one-half percent (0.5%) of the project cost to be used for EAO expenses.

In all of the foregoing instances, the EAO expenses shall not be authorized for infrastructure projects costing One Million Pesos (P1,000,000) and below.

The DPWH shall submit to the DBM, the House Committee on Appropriations and the Senate Committee on Finance, quarterly reports on said disbursements. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are posted on the official website of the DPWH, which shall be considered compliance with the said reportorial requirement. Violation of, or non-compliance with this provision shall subject the government official or employee concerned to administrative, civil and/or criminal sanction in accordance with Section 43 of Chapter 5, Section 57 of Chapter 6, and Section 80 of Chapter 7, Book VI of E.O. No. 292.

16. **Restriction on Delegation of Project Implementation.** The implementation of the infrastructure projects appropriated herein shall not be delegated to other agencies, except those projects to be implemented by the AFP Corps of Engineers such as in areas



considered for normalization; inter-department and inter-agency projects to be undertaken by other agencies and offices, and LGUs: PROVIDED, That in case of LGUs: (i) they shall have demonstrated capability to implement projects by administration as determined by DPWH; and (ii) they shall actually implement said projects by themselves: PROVIDED, FURTHER, That the DPWH shall exercise technical supervision over all delegated projects.

17. Approved Budget for the Contract. The DPWH shall ensure that all infrastructure projects implemented does not exceed the Approved Budget for the Contract as defined under R.A. No. 9184 and its Implementing Rules and Regulations (IRR).

18. Road Constructions. The DPWH shall include in the design and program cost of road construction projects the planting of trees on both sides of the roads: PROVIDED, That in the planting of said trees, the DPWH shall consider the future expansion or widening of said roads. For this purpose, the DENR shall ensure the sufficient supply of seedlings in their provincial seedling banks.

19. Implementation of Routine Maintenance Projects. The DPWH shall require all contractors to adopt a labor intensive mode of implementation for routine maintenance projects in order to prioritize socially and financially disadvantaged residents of the LGU where the project is located.

20. Contractor Warranties. The DPWH shall ensure that the contractor's warranties are complied with pursuant to the pertinent provisions of R.A. No. 9184 and its IRR.

21. Clustering of Infrastructure Projects. The Secretary of Public Works and Highways is authorized to cluster infrastructure projects implemented by the DPWH to ensure cost efficiency in the procurement thereof and effective management and implementation of said projects.

22. Implementation of Flood Control Projects in the National Capital Region. The DPWH shall continue implementing foreign-assisted flood control projects and shall transfer the same to the MMDA only after their completion or after revision of the loan agreement with the lending institution to indicate MMDA as the implementing agency, whichever comes first.

23. Liquidated Damages. Liquidated damages collected by DPWH shall be deposited with the National Treasury as income of the General Fund pursuant to Section 44, Chapter 5, Book VI of E.O. No. 292.

24. Allocation for Autonomous Region in Muslim Mindanao from the Special Road Funds. The DPWH shall ensure that the requirements of ARMM are provided in the regional allocation of funds sourced from the Special Road Support Fund, Special Road Safety Fund and Special Local Road Fund. The funds for the purpose shall be released based on, and made only upon submission by the Road Board of the allocation for ARMM per province, copy furnished said provinces.

The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that the amounts allocated for ARMM per province are posted on the official website of the DPWH.

In addition, the ARMM shall submit, either in printed form or by way of electronic document, to the DBM and DPWH separate quarterly reports on the implementation of the foregoing programs, per province, in the ARMM. The Regional Governor of ARMM and the Regional Government's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the ARMM.

25. Variation Order. The Secretary of Public Works and Highways or his duly authorized representative is authorized to approve variation order in accordance with the provisions of the implementing rules and regulations of R.A. No. 9184 and consistent with the provisions of this Act.

26. Project Modification. The Secretary of Public Works and Highways is authorized to modify the details of the projects covered by allotment released from appropriations of the Department: PROVIDED, That the same may only be undertaken once per project and until the end of the third quarter: PROVIDED, FURTHER, That the modification shall be within the same project category as the original project and within the same DPWH Implementing Unit: PROVIDED, FURTHERMORE, That in the case of Local Infrastructure Program, the modification may be undertaken from one project category to another within the same district: PROVIDED, FURTHERMORE, That the allotment released has not been obligated: PROVIDED, FINALLY, That in no case shall splitting of projects or deliberate creation of gaps to justify itemization of a single project be allowed.

Except for Local Infrastructure Program, for modifications in the project category and/or DPWH Implementing Unit, the DPWH shall first secure approval by the DBM before implementation of the project.

The DPWH shall inform the DBM, in writing, of every modification within five (5) calendar days from its approval. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that such modification is likewise posted on the official website of the DPWH within the same period.

27. Quick Response Fund. The amount of One Billion Pesos (P1,000,000,000) appropriated herein for the Quick Response Fund (QRF) shall serve as a stand-by fund to be used for rehabilitation and reconstruction programs and projects in order that the situation and living conditions of people living in communities or areas stricken by calamities, epidemics, crises, and catastrophes, which occurred in the last quarter of the immediately preceding year and those occurring during the current year may be normalized as quickly as possible. In no case shall the QRF be used for pre-disaster activities, or any other purpose not authorized in this provision.

The DPWH shall submit, either in printed form or by way of electronic document, to the National Disaster Risk Reduction and Management Council, copy furnished the DBM, quarterly reports on the utilization of the QRF. The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that said quarterly reports are likewise posted on the official website of the DPWH.

28. Appropriations for Programs and Specific Activities. The amounts appropriated herein for the programs of the agency shall be used specifically for the following activities in the indicated amounts and conditions:



## APPENDIX 1 REVISED GUIDELINES FOR THE IMPLEMENTATION OF INFRASTRUCTURE PROJECTS BY ADMINISTRATION

### 1.0 Purpose and Coverage

These guidelines shall provide rules for the implementation of projects "by administration" by all Departments, Bureaus, Offices and Agencies of the National Government (NGA), Government-Owned and/or Controlled Corporations (GOCCs), Government Financing Institutions (GFIs), State Universities and Colleges (SUCs), and Local Government Units (LGUs).

Projects undertaken "by administration" by the Armed Forces of the Philippines Corps of Engineers (AFPCOE) shall be governed by the guidelines issued by the GPPB through Resolution 09-2005 dated 28 April 2005.

### 2.0 Definition of Terms

For purposes of these guidelines, the following terms shall be defined as follows:

- 2.1 **"By Administration"** refers to the procedure by which the implementation of an infrastructure project is carried out under the administration and supervision of the concerned agency through its own personnel.
- 2.2 **Implementing Agency** refers to any government unit undertaking the construction of an infrastructure project.
- 2.3 **Job-Contractor** refers to a person or entity who carries out, under his own responsibility, supervision and control, the performance or completion of a specific job, service or work which has been farmed out by another for the latter's benefit.
- 2.4 **Job-order** refers to employment of individuals to undertake piece or lump sum works, or intermittent jobs of short duration not exceeding six months on a daily basis.
- 2.5 **Labor-only Contractor** refers to a person or entity that engages in the supply of workers/laborers to an employer but does not have substantial capital or investment in the form of tools, equipment, machineries, work premises, among others, and the workers recruited and placed perform activities directly related to the principal business of the employer.
- 2.6 **Pakyaw** refers to a system of hiring a labor group for the performance of a specific work and/or service incidental to the implementation of an infrastructure project by administration whereby tools and materials are furnished by the implementing agency. For the specific work/service output, a lump-sum payment is made either through the group leader or divided among the pakyaw workers and disbursed using a payroll system.



- 2.7 **Semi-skilled Work/Job** refers to a work/job which needs some skills but does not require doing the more complex work duties. Semi-skilled jobs may require alertness and close attention to watching machine processes; or inspecting, testing or otherwise looking for irregularities; or tending or guarding equipment, property, materials, or persons against loss, damage or injury; or other types of activities which are similarly less complex than skilled work, but more complex than unskilled work. A job may be classified as semi-skilled where coordination and dexterity are necessary, as when hands or feet must be moved quickly to do repetitive tasks.
- 2.8 **Skilled Work/Job** refers to work that requires qualifications in which a person uses judgment to determine the machine and manual operations in order to obtain the proper form, quality, or quantity of material to be produced. Skilled work may require laying out work estimating quality, determining the suitability and needed quantities of materials, making precise measurements, reading blueprints or other specifications, or making necessary computations or mechanical adjustments to control or regulate the work.
- 2.9 **Unskilled Work/Job** refers to work which needs little or no judgment that can be learned on the job in a short period of time. The job may or may not require considerable strength.

**3.0 Conditions and Requirements for the use of "By Administration"**

- 3.1 Projects undertaken by Administration shall be included in the approved Annual Procurement Plan (APP) of the procuring entity concerned. If the original mode of procurement recommended in the APP was Public Bidding but cannot be ultimately pursued, or the project to be undertaken by administration has not been previously included, the BAC, through a resolution shall justify and recommend the change in the mode of procurement or the updating of the APP to be approved by the Head of the Procuring Entity.
- 3.2 To undertake projects by administration, the implementing agency must:
- have a track record of having completed, or supervised a project, by administration or by contract, similar to and with a cost of at least fifty percent (50%) of the project at hand, and
  - own the tools and construction equipment to be used or have access to such tools and equipment owned by other government agencies.

The criteria for evaluating the track record and capability of implementing agencies shall be in accordance with the guidelines to be issued by the Department of Public Works and Highways in consultation with the leagues enumerated under the Local Government Code.

- 3.3 Any project costing Twenty Million Pesos (Php20,000,000) or less may be undertaken by administration or force account by the implementing agency concerned. A project costing over Twenty Million Pesos (Php20,000,000) may be undertaken by the agency concerned only in the following cases:



- a. emergency arising from natural calamities or where immediate action is necessary to prevent imminent loss of life or property;
- b. to comply with government commitments, as certified by the concerned government authority;
- c. failure to award a contract after competitive bidding for a valid cause;
- d. termination or rescission of contract;
- e. areas with critical peace and order problems as certified by the Local Peace and Order Council;

**PROVIDED**, that prior authority shall be obtained from the Secretary of Public Works and Highways, if the project cost is Twenty Million (Php20,000,000) up to Fifty Million Pesos (Php50,000,000.00), or from the President of the Philippines, upon the favorable recommendation of the Secretary of Public Works and Highways, if the project cost is more than Fifty Million Pesos (Php50,000,000.00).<sup>55</sup>

- 3.4 No contractor shall be used by the procuring entity, directly or indirectly for works undertaken by administration.
- 3.5 Procurement of tools and construction equipment shall be subject to the rules on public bidding.
- 3.6 For projects funded by the National Government and implemented by a Local Government Unit, the latter shall be required to post the necessary warranty security in accordance with Section 62 of RA 9184 and its IRR.<sup>56</sup>
- 3.7 The manual labor component of projects undertaken by administration may be undertaken in-house by the implementing agency concerned, by job-order or through the pakyaw contracting system. In-house labor is undertaken if the workers are employees or personnel occupying regular *plantilla* positions in the implementing agency. Job-order contracts shall be governed by relevant Commission on Audit (COA) and/or Civil Service Commission (CSC) rules.

#### 4.0 Pakyaw Contracting System

- 4.1 Pakyaw labor shall be drawn from the vicinity of the project, or Pakyaw labor groups belong to various Barangay Associations contiguous to the project site. Unskilled labor should be drawn from the Barangay where the project is located; semi-skilled labor shall be recruited within the municipality, preferably within the Barangay; skilled labor shall be recruited within the province but preferably within the Barangay/Municipality.

<sup>55</sup> Amended through GPPB Resolution 07-2009, dated 30 September 2009, published in The Daily Tribune on 2 December 2009.

<sup>56</sup> As amended by GPPB-Resolution 03-2011, dated 28 January 2011, published in the Manila Times on 6 April 2011.



- 4.2. The formation of Pakyaw Groups should actively involve the Barangay leaders and the community. A Project Facilitator (PF) shall be appointed by the implementing agency to assist in the organization of the Pakyaw Groups and in the preparation of the Pakyaw Contracts. The PF shall, for purposes of informing the community of the project and of organizing pakyaw groups, shall convene community meetings, with the assistance of the Barangay Chairperson/s. The PF shall cause the registration of all unemployed or underemployed members of the community who are interested to join Pakyaw groups being formed for the project.
- 4.3. The Pakyaw workers should be formed into groups of workers based on the lump sum works. In case of competitive selection, pakyaw groups which were not selected for a particular lump sum work may choose to compete for other works requiring pakyaw groups.
- 4.4. Where there is competition for the award of Pakyaw works, the pakyaw labor contract shall be awarded through competitive selection with at least three (3) Pakyaw Groups participating. There is deemed to be a competition for the award of pakyaw contracts when the number of laborers who registered during the community meeting is more than what is reasonably needed for the lump sum work required under the project. The competitive selection shall be done on a "per-output" basis. And the winner(s) shall be determined based on what group(s) undertake(s) to deliver the desired output at the lowest rate, either per item of output or per lump sum work, within the required period.
- 4.5. For purposes of Item 4.4 hereof, the number of members per group shall be determined by the Project Facilitator to ensure that at least three Pakyaw Groups are organized for the competitive selection. The determination by the Project Facilitator of the number of members per Pakyaw Group shall be exercised with regard to the objective of providing work to as many laborers as possible.
- 4.6. A Group Leader shall be elected from among the members of the group who shall be the signatory to the Pakyaw Contract and any other documents pertaining to the work on behalf of the Pakyaw Group. He may be replaced at any time by the group through an election for that purpose, after due notice to the Project Facilitator and the Barangay Chairperson. Any such replacement shall not invalidate any previous Pakyaw Contract.
- 4.7. In no case may Pakyaw Groups be regular or licensed contractors or organized by and/or under the management of a regular or licensed contractor. Laborers supplied by job-contractors/labor-only contractors are likewise disqualified to become members of the Pakyaw groups when the job-contracting/labor-only contracting is specifically carried out for the purpose.
- 4.8. The amount of a pakyaw labor contract per project shall not exceed Five Hundred Thousand Pesos (P500,000.00) per pakyaw group.



**Guidelines on Implementation of Infrastructure Projects  
By Administration**

Appendix 1

**5.0 Repealing Clause**

This set of guidelines repeals GPPB Resolution 13-2005 approving and adopting the Guidelines for the Implementation of Infrastructure Projects through Negotiated Procurement under Sec. 54.2 (d) of IRR<sup>57</sup> of RA 9184 and by Administration.

**6.0 Effectivity**

These Guidelines or any amendments hereto shall take effect fifteen (15) days after publication in the Official Gazette or in a newspaper of general nationwide circulation and upon filing with the University of the Philippines Law Center of three (3) certified copies of these guidelines.<sup>58</sup>

<sup>57</sup> As amended by GPPB Resolution 03-2011, dated 28 January 2011, published in the Manila Times on 6 April 2011.

<sup>58</sup> Issued through GPPB Resolution 018-2006, dated 06 December 2006, and published in the Official Gazette on 09 April 2007.



EVALUATION OF CAPABILITY OF LOCAL GOVERNMENT UNIT (LGU)  
TO IMPLEMENT DPWH INFRASTRUCTURE PROJECTS

Name of LGU: \_\_\_\_\_ Date of Evaluation: \_\_\_\_\_  
Name of Project proposed to be implemented by LGU: \_\_\_\_\_

Estimated Project Cost: \_\_\_\_\_

CRITERIA

APPLICATION

1. Maintenance Condition of Local (LGU) Roads

The LGU must have maintained its Local Roads to a "fair" to "satisfactory" level, using the road condition ratings of RBIA.

Actual condition rating of  
Local Roads as of \_\_\_\_\_  
(date): \_\_\_\_\_

2. Experience or Track Record relevant to the proposed Project

2.1 The cost of the largest single relevant project completed by the LGU within the last three years should be at least 50% of the estimated cost of the Project.

Cost of largest project completed by  
LGU: \_\_\_\_\_  
versus  
50% of estimated cost of proposed  
Project: \_\_\_\_\_

2.2 The cost of the completed largest single relevant project managed within the last three years by the key LGU personnel to be assigned to the Project (Project Manager to Foreman) should be at least 50% of the estimated cost of the Project.

Cost of largest project managed by  
key LGU personnel: \_\_\_\_\_  
versus  
50% of estimated cost of proposed  
Project: \_\_\_\_\_

3. Organization and Personnel for the Project

The LGU must have the required key Personnel from its Engineering Office who are available to undertake, supervise, and manage the Project by administration.

Yes / No



4. Construction Equipment for the Project

The LGU must commit for the Project the required minimum owned /leased equipment.

Yes / No

5. Financial and Procurement Management

5.1 The LGU must have satisfactory and procurement management systems as indicated by the absence of adverse findings in the latest COA audit report.

Yes / No

5.2 The LGU must have fully liquidated its previous cash advances from the DPWH.

CONCLUSION: Based on this evaluation, the LGU is/is not (please encircle) capable of implementing the subject Project by administration.

Submitted by:

Approved by:

---

DPWH District Engineer

---

DPWH Regional Director



**ANNEX D**

**PROJECT MEMORANDUM OF AGREEMENT (MOA) BETWEEN DPWH  
AND THE LGU FOR THE IMPLEMENTATION OF A DPWH PROJECT**

This **Memorandum of Agreement (MOA)** entered into by and between;

**The Department of Public Works and Highways**, herein represented by its Regional Director/District Engineer, \_\_\_\_\_, and hereinafter referred to as the **DPWH**;

and

The **Local Government Unit**, herein represented by its **Authorized Official**, \_\_\_\_\_, and hereinafter referred to as the **LGU**.

WITNESSETH

**WHEREAS**, under the \_\_\_\_\_ Budget (RA \_\_\_\_\_) and the Department of Public Works and Highways Infrastructure Program Act, nationally funded infrastructure projects may be implemented by LGUs with the demonstrated capability to undertake the projects by themselves.

**WHEREAS**, the DPWH issued Department Order No. \_\_\_\_ dated \_\_\_\_\_, which sets the revised guidelines, including rules and procedures for the implementation by the LGUs of DPWH Project;

**WHEREAS**, in accordance with the said Department Order, the LGU has submitted to the DPWH a written request for the DPWH to authorize the LGU to implement by administration the DPWH Project.

**WHEREAS**, in accordance with the same Department Order, the DPWH has determined that the LGU has the demonstrated capability to undertake the said Project by administration.

**NOW THEREFORE**, in consideration of the foregoing premises, Parties to this MOA hereby agree on the following terms and conditions;

Treasurer

Authorized Official

Accountant/Fiscal Comptroller

Regional Director/District Engineer

Local Government Unit  
Represented by:

Department of Public Works & Highways  
Represented by:



## ARTICLE I – PROJECT COVERAGE

**Section 1.1** This MOA covers the implementation by the LGU of DPWH Project hereinafter called the \_\_\_\_\_ in the amount of P \_\_\_\_\_.

## ARTICLE II – PROJECT IMPLEMENTATION

**Section 2.1** The LGU shall implement the PROJECT by administration only, in accordance with the Program of Work, Plans, Specification, **PROJECT** Cost, and Time Duration approved by the DPWH Official concerned.

Any violation of this mode of implementation shall automatically nullify this agreement.

**Section 2.2** The LGU shall, to the extent feasible, use labor-based equipment-supported methods in implementing the projects.

**Section 2.3** The LGU shall start the project within fifteen (15) days from the approval of the MOA and shall complete the **PROJECT** within the period of \_\_\_\_\_ calendar days.

**Section 2.4** The LGU shall submit monthly monitoring reports on the **PROJECT** to the DPWH Regional Director/District Engineer.

**Section 2.5** Upon the satisfactory completion by the LGU of the **PROJECT** as verified by the designated DPWH Inspectorate Team, the DPWH Regional Director/District Engineer shall issue to the LGU the corresponding Certificate of **PROJECT** Completion.

**Section 2.6** Within one (1) year after the issuance of the Certificate of **PROJECT** Completion, the LGU shall correct, at its own expense, all defects discovered in the **PROJECT** due to faulty construction or use of substandard materials. After this one-year period and after the **PROJECT** is verified by the DPWH Inspectorate Team as having no defect, the DPWH Regional Director/District Engineer shall issue to the LGU the Certificate of **PROJECT** Acceptance.

**Section 2.7** DPWH reserves the right to terminate the services of the Local Government Unit if the negative slippage goes beyond 15% in comparison to the original schedule due to reasons attributed to the poor performance of the LGU in accordance with DPWH Department Order No. 102, series of 1988.

Local Government Unit  
Represented by:

Treasurer

Authorized Official

Accountant/Fiscal Comptroller

Regional Director/District Engineer

Department of Public Works & Highways  
Represented by:



LGU/Other Agency  
Represented by:

Department of Public Works & Highways  
Represented by:

Treasurer

Authorized Official

Accountant/Fiscal Comptroller

Regional Director/District Engineer

**Section 2.8** The DPWH shall exercise technical supervision over the project pursuant to Section 1, Special Provision of the GAA for Fiscal Year \_\_\_\_\_, DPWH Appropriation.

**Section 2.9** The LGU shall observe/comply with the Safety and Health requirements at project site in compliance with DPWH D.O. No.56 series of 2005.

**Section 2.10** To guarantee that the LGU shall perform his responsibilities, the latter shall post the necessary warranty security in accordance with Section 62 of the IRR of RA 9184.

### ARTCILE III – PROJECT FUNDING

**Section 3.1** The Regional Director/District Engineer shall issue to the LGU a Letter of Advice of Allotment (LAA) equivalent to the approved PROJECT Cost based on the allotment authorized by the Department of Budget and Management (DBM). The LAA shall serve as the obligational authority of the LGU to implement the **PROJECT**.

**Section 3.2** The LGU shall be fully accountable for all funds for the **PROJECT** released to it by the DPWH.

**Section 3.3** The DPWH shall release to the LGU an initial cash advance for the PROJECT equivalent to fifty percent (50%) of the obligational authority (or **PROJECT** Cost). The LGU shall take up the said cash advance as a Trust Deposit in a separate checking account with a Government depository bank.

**Section 3.4** The DPWH shall release to the LGU succeeding cash funds for the **PROJECT** equivalent to the amounts of actual accomplishment subject however that previous cash advances be liquidated, based on Liquidation Reports signed by the LGU Treasurer/ Accountant and verified and found correct by the LGU Resident Auditor of the Commission on Audit.

### ARTICLE IV – EFFECTIVITY

**Section 4.1** This MOA shall take effect upon approval thereof by the DPWH Honorable Secretary and shall remain in force until the completion of the **PROJECT**, unless mutually terminated earlier by the said Parties.

**Section 4.2** Either Party to this MOA may initiate its termination in the event of a default by the other Party of any of its obligations thereunder.

**Section 4.3** In the event of MOA termination, an accounting/inventory of the project shall be conducted jointly by the DPWH and COA to determine acceptability of the completed works. The LGU shall return to DPWH any unused or unexpended balance of funds and likewise refund any disallowance due to misappropriation and defects discovered due to faulty construction and the use of substandard materials.



**IN WITNESS WHEREOF**, the Parties hereto have affixed their  
signatures at \_\_\_\_\_, this \_\_\_\_\_ day of  
\_\_\_\_\_.

For the LGU:

For the DPWH:

\_\_\_\_\_  
Authorized Official

\_\_\_\_\_  
Regional Director/District Engineer

WITNESSES:

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Accountant/Fiscal Comptroller

APPROVED BY:

\_\_\_\_\_  
Secretary



Republic of the Philippines )  
 )  
 )

### ACKNOWLEDGEMENT

**BEFORE ME,** a Notary Public for and in  
\_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_, personally appeared the  
following persons presenting to me competent proof of their identity:

<u>NAME</u>	<u>PROOF OF IDENTITY</u>	<u>DATE/PLACE ISSUED</u>
<b>Authorized Official</b>	_____	_____
<b>ROGELIO L. SINGSON</b>	_____	_____

Known to me and to me known to be the same persons who executed the foregoing instrument and they acknowledged to me that same is their free and voluntary act and deed and that of the institutions they represent.

This instrument, consisting of five (5) pages, including this page whereon this Acknowledgement is written, refers to a Memorandum of Agreement between the LGU and the Department of Public Works and Highways signed by the parties together with their instrumental witnesses on each and every page thereof.

**WITNESS MY HAND AND SEAL,** on the place above written.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

\_\_\_\_\_  
Notary Public  
Until \_\_\_\_\_  
PTR No. \_\_\_\_\_  
Issued on \_\_\_\_\_  
at \_\_\_\_\_