



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

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REC'D. DEC. 26, 1988
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December 20, 1988

DEPARTMENT ORDER) SUBJECT: Cash Deposit Require-
ment of 25% of Contract
NO. 121 TH 12/26 Price for Contracts
Series of 1988) with Duration of Four
) (4) Months or Less.

Pursuant to IB 2.4.1(5) of the recently amended Implementing Rules and Regulations (IRR) of P.D. 1594 (April 13, 1988), a cash deposit equivalent to the average operating expense requirement of the contract for 2 months based on the cash flow submitted is required to be submitted by the winning bidder. This provision triggered questions, among which are, "How much cash deposit should be required for contracts with duration of two (2) months or less or a little over 2 months, or "Should this kind of contracts be exempt from submitting cash deposit."

Irrespective of contract time duration, cash deposit must invariably be required. This lends support from the fact that the Implementing Rules and Regulations (IRR) in the prequalification of contractors require that for small category projects emphasis should be on the financial capability of the contractor.

Wherefore, to give meaning to this provision of the IRR and as a matter of Department policy to protect the interest of the government, cash deposit equivalent to 25% of the contract price shall be required to be submitted in cases of contracts with duration of four (4) months or less.


FIORELLO R. ESTUAR
Secretary

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4. 1. 1988

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