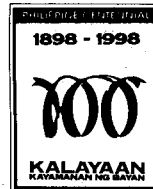


Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila

19 NOVEMBER 1999



DEPARTMENT ORDER)

No. **226**  
Series of 1999  
X-X-X-X-X-X-X-X-X-X-X-X

SUBJECT: **Contractual Management Procedures for Road Upgrading/Improvement and Management Contracts under the proposed IBRD-assisted National Roads Improvement and Management Program (NRIMP)**

To provide for greater efficiency in the implementation of the road upgrading/improvement and maintenance contracts under the proposed IBRD-assisted National Roads Improvement and Management Program (NRIMP), the following instructions and guidelines applicable to NRIMP projects are hereby issued for compliance by all concerned:

1. The cost estimate of the Consultant that prepared the detailed engineering and bidding documents shall serve as a basis for the Approved Agency Estimate (AAE).
2. A Variation Order (VO) shall not be required for an increase/decrease in the actual quantity of works executed of: (i) not more than ten percent (10%) of the quantity set out in the Bill of Quantities for a major work item, i.e., an item representing more than fifteen percent (15%) of the original total bid price; or (ii) not more than fifteen percent (15%) of the quantity set out in the Bill of Quantities for a minor work item, i.e., an item representing less than fifteen percent (15%) of the original total bid price.
3. The Director of the Project Management Office (PMO) for IBRD-assisted Road Projects is hereby authorized to approve VOs up to an aggregate amount of ten percent (10%) of the contract price for road upgrading/improvement contracts. The Director of the Bureau of Maintenance is hereby granted the same authority for road maintenance contracts.
4. The Director of the PMO for IBRD-assisted Road Projects is hereby authorized to approved as-staked drawings which will result in an overall increase or decrease of not more than ten percent (10%) of the total original contract price. The Director of the Bureau of Maintenance is hereby granted the same authority for road maintenance contracts. Beyond this ten percent (10%) level, the as-staked drawings shall require the approval of the Bureau of Design and Bureau of Construction.
5. The required performance security shall be in the form of an unconditional bank guarantee or a letter of credit only.
6. Contracts shall only be awarded if the contractors provide an acceptable critical path work program.

This Order shall amend/modify all other Department issuances or portions thereof inconsistent herewith and shall take effect immediately.

  
**GREGORIO R. VIGILAR**  
Secretary