



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

097. 13 DPWH
01-12-2018

[10 JAN 2018]

DEPARTMENT ORDER)

NO. **04**)
Series of 2018)

SUBJECT: Breakdown of the Allocation of the Authorized 3.5% Deductions from Project Funds for Engineering and Administrative Overhead (EAO) under FY 2018 GAA, DPWH Budget

In accordance with Section 13, Special Provisions of the General Appropriations Act (GAA) FY 2018, the breakdown of allocation of the authorized Engineering and Administrative Overhead Expenses for Capital Outlay projects is as follows:

For Foreign-Assisted Projects:

Percentage of Deductions/Retentions from Project Fund				
Central Office (CO)/PMO	Equipment	Regional Office (RO)	District Engineering Office (DEO)	TOTAL
2.25%	0.25%	0.25%	0.75%	3.50%

For Locally-Funded Projects:

Percentage of Deductions/Retentions from Project Fund				
Implementing Office	Central Office (CO)	Regional Office (RO)	District Engineering Office (DEO)	TOTAL
Central Office/ PMO-Implemented	2.00%	0.50%	1.00%	3.50%
RO-Implemented	.50%	2.00%	1.00%	3.50%
DEO - Implemented	.50%	0.50%	2.50%	3.50%

For those directly released to the Regional Offices and District Offices, which are authorized to deduct not more than 2.50% and 2.00%, respectively, of project cost for EAO expenses, the breakdown of allocation which shall apply to locally-funded projects, shall be as follows:

For Directly Released to RO and DEO:

Percentage of Deductions/Retentions from Project Fund			
Implementing Office	Regional Office (RO)	District Engineering Office (DEO)	TOTAL
RO-Implemented	2.00%	0.50%	2.50%
DEO - Implemented		2.00%	2.00%

For Local Infrastructure Program, an EAO of one percent (1%) and for other infrastructure projects of other departments/agencies being implemented by DPWH, an EAO of one half percent (.50%) of the project cost per Section 13 of the Special Provisions of the GAA, shall be imposed and shall be released fully to the Implementing Unit.

It is provided further that the engineering and administrative overhead expenses shall not be authorized for infrastructure projects costing One Million (P1,000,000.00) and below.

This Order supersedes Department Order No. 80, series of 2017 and shall take effect immediately.


MARK A. VILLAR
Secretary

Department of Public Works and Highways
Office of the Secretary


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8.1 MAP

XIX. DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

A. OFFICE OF THE SECRETARY

For general administration and support, support to operations, and operations including locally-funded and foreign-assisted projects, as indicated hereunder.....P637,864,483,000
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New Appropriations, by Program/Projects
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Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
PROGRAMS				
General Administration and Support	P 7,186,940,000	P 850,729,000	P 1,418,741,000	P 9,456,410,000
Support to Operations	947,791,000	15,690,000,000	27,888,285,000	44,526,076,000
Operations			583,881,997,000	583,881,997,000
ASSET PRESERVATION PROGRAM			64,982,093,000	64,982,093,000
NETWORK DEVELOPMENT PROGRAM			185,507,020,000	185,507,020,000
BRIDGE PROGRAM			35,734,451,000	35,734,451,000
FLOOD MANAGEMENT PROGRAM			127,734,500,000	127,734,500,000
LOCAL PROGRAM			118,960,456,000	118,960,456,000
CONVERGENCE AND SPECIAL SUPPORT PROGRAM			50,963,477,000	50,963,477,000
TOTAL NEW APPROPRIATIONS	P 8,134,731,000	P16,540,729,000	P613,189,023,000	P637,864,483,000

Special Provision(s)

1. Special Road Support Fund. In addition to the amounts appropriated herein, Ten Billion Ten Million Six Hundred Eighty Two Thousand Pesos (P10,010,682,000) shall be used for the maintenance of roads and bridges and improvement of road drainage sourced from eighty percent (80%) collections from the Motor Vehicles User's Charge (MVUC), constituted into the Special Road Support Fund subject to the following:

(a) Five percent (5%) of the total appropriations for maintenance of local roads converted or taken over as national roads during the current year. Any balance therefrom may be used for the maintenance of existing national roads; and

(b) Release of funds shall be subject to 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 its quarterly reports on the financial and physical accomplishments with electronic signature to the DBM, through the unified reporting system, and to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, by posting said reports on the DPWH website for a period of three (3) years. The Secretary of Public Works and Highways shall send written notice to the said offices when said reports have been posted on its website, which shall be considered the date of submission.

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) shall be used for the installation of adequate and efficient traffic lights and road safety devices sourced from seven and one-half percent (7.5%) collections from the MVUC, constituted into the Special Road Safety Fund.

Release of funds shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292. The DPWH shall submit its quarterly reports on the financial and physical accomplishments with electronic signature to the DBM,

through the unified reporting system, and to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, by posting said reports on the DPWH website for a period of three (3) years. The Secretary of Public Works and Highways shall send written notice to the said offices when said reports have been posted on its website, which shall be considered the date of submission.

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) shall be used for the maintenance of local roads, traffic management and road safety devices sourced from five percent (5%) collections from the MVUC, constituted into the Special Local Road Fund.

Release of funds shall be subject to the submission of a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

The DPWH shall submit its quarterly reports on the financial and physical accomplishments with electronic signature to the DBM, through the unified reporting system, and to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, by posting said reports on the DPWH website for a period of three (3) years. The Secretary of Public Works and Highways shall send written notice to the said offices when said reports have been posted on its website, which shall be considered the date of submission.

4. **Assessments and Other Collections.** The DPWH is authorized to assess service utilities and franchise holders or any other corporation, entity or person, which may cause damage to public works or highway projects, the estimated amount for the reconstruction, restoration or renovation of the damaged infrastructure. The proceeds therefrom shall be deposited with the National Treasury and recorded as trust receipts in accordance with E. O. No. 339, s. 1996.

Other collections by the DPWH such as liquidated damages due from suppliers, consultants or contractors 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.

5. **Public-Private Partnership Infrastructure Projects.** The amount appropriated herein for the Public-Private Partnership Strategic Support Fund shall be used for payment of fees for independent consultants, variation orders, cash subsidy, Feasibility Studies and Right-of-Way expenses authorized under R.A. No. 10752 for the following projects: (i) Cavite-Laguna (CALA) Expressway; (ii) Daang Hari SLEX Link Road; (iii) Tarlac-Pangasinan-La Union Toll Expressway; (iv) NAIA Expressway; (v) NLEX-SLEX Connector Board C-3 Elevated Expressway; (vi) Central Luzon Link Expressway, Phase 2 (Cabanatuan-San Jose Section); (vii) Laguna Lakeshore Expressway Dike; (viii) Quezon-Bicol Expressway; (ix) Delpan-Pasig-Marikina Expressway Project; (x) Batangas City-Bauan Batangas Toll Road Projects; (xi) Davao-Digos Expressway Project; and (xii) such other priority Public-Private Partnership Infrastructure projects.

In no case shall said amount be used for the payment of the private partner's financial obligations which the government has guaranteed. (CONDITIONAL IMPLEMENTATION- President's Veto Message, December 19, 2017, Volume I-B, page 649, R.A. No. 10964)

6. **Tourism Road Infrastructure Program.** The amount appropriated herein for the Tourism Road Infrastructure Program shall be used to cover the construction, rehabilitation, upgrading, and improvement of roads and bridges jointly identified by the DPWH and the DOT based on the technical criteria and priority areas in support of the National Tourism Development Program.

7. **Local Infrastructure Program.** The amount 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:

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|---|--|
| (a) Local Roads and Bridges including Pathways; | Priorities and Criteria, program of works, standards and specifications of the DPWH |
| (b) Classrooms or Academic Buildings; | Priorities, program of works, standards, and Specifications of the DepEd or CWED, as the case may be |
| (c) Multi-Purpose Buildings; | Standards, designs and specifications of DPWH |
| (d) Levels 2 and 3 Water Supply Systems; | Standards designs and specifications of DPWH and LWUA |
| (e) Flood Control and Drainage; | Standards and specifications of DPWH |

In the implementation of this Program, priority shall be given to municipalities and their component barangays where the absolute number of poor families and the incidence of poverty are high as identified in the latest official poverty statistics of the PSA-NSCN and in the order of LGU classification enumerated: (i) fourth to sixth class under Categories 1 and 2 provinces; (ii) fourth to sixth class in other provinces; (iii) second to third class; and (iv) first class.

Projects covered hereunder shall comply with the corresponding conditions:

(a) In no case shall more than one percent (1%) of the project cost be used for engineering and administrative overhead expenses.

(b) Upon completion of the construction or rehabilitation of said local infrastructures, the DPWH shall turnover the management and ownership thereof to the LGUs concerned, which shall commit to shoulder the maintenance and repair costs.

The DPWH shall submit its quarterly reports on the financial and physical accomplishments with electronic signature to the DBM, through the unified reporting system, and to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, by posting said reports on the DPWH website for a period of three (3) years. The Secretary of Public Works and Highways shall send written notice to the said offices when said reports have been posted on its website, which shall be considered the date of submission.

8. **Clustering and De-Clustering of Infrastructure Projects.** The Secretary of Public Works and Highways is authorized to cluster and de-cluster the procurement of infrastructure projects for cost efficiency and effective management.

9. **Roads Leveraging Linkages for Industry and Trade Infrastructure Program.** The amount of Twelve Billion Three Hundred Nineteen Million Four Hundred Sixty Six Thousand Pesos (P12,319,466,000) appropriated herein for the Roads Leveraging Linkages for Industry and Trade Infrastructure Program shall be used to cover the construction, rehabilitation, upgrading, and improvement of roads and bridges jointly identified by the DPWH and the DTI based on the technical criteria and priority areas in support of the Industry and Trade Development Program.

The DPWH and DTI shall ensure that the identified roads and bridges are not funded or covered under other national or local government programs.

10. **Road Construction and other Projects.** The DPWH shall consider the following in the construction of roads:

(a) The DPWH, in coordination with DOTr and WEDA, shall come up with bike lane map to identify the main roads and highway that can accommodate bike lanes.

(b) The DPWH, in coordination with LGUs, shall provide sidewalks in public roads for the use of pedestrian which shall be adequate for safe and convenient use of pedestrians.

(c) The DPWH, in coordination with the Climate Change Commission, shall develop revised standards that will incorporate various hazards especially those brought about by global warming and/or climate change in the feasibility study, design and detailed engineering works of all government roads and other infrastructure.

Moreover, the DPWH may include in the design and program cost of road construction projects roadside tree planting activities as an integral part of its regular road maintenance program.

Implementation of this provision shall be subject to the guidelines issued by the DPWH.

11. **Restriction on Delegation of Project Implementation.** The implementation of infrastructure projects may only be delegated in the following instances: (i) the AFP Corps of Engineers in high security risk areas; (ii) inter-department or inter-agency projects; and (iii) LGUs with the capability to implement projects either by administration or contract as determined by DPWH.

Notwithstanding the above delegation, the DPWH shall exercise technical supervision over all delegated projects.

In case of the National Sewerage and Septage Management Program, the DPWH shall ensure its proper implementation by: (i) allowing LGUs with technical capability to undertake the same; (ii) for those without such technical capability, allowing LGUs to contract it out only upon determination of DPWH that such will not compromise project implementation; and (iii) providing the technical requirements for the project and regularly monitoring the same.

12. **Right-of-Way Acquisition and Obligations.** In the implementation of infrastructure projects, the DPWH shall ensure that all ROW expenses authorized under R.A. No. 10752 are settled before commencement of projects.

The amount appropriated herein shall be used exclusively for ROW expenses and other contractual obligations of the DPWH. Release of funds shall be subject to the submission of the list of claimants with the corresponding projects and amounts certified correct by the DPWH and a Special Budget pursuant to Section 35, Chapter 5, Book VI of E.O. No. 292.

13. **Engineering and Administrative Overhead Expenses.** The DPWH is authorized to deduct the following for infrastructure projects costing more than One Million Pesos (P1,000,000) but not to exceed the following percentages of the project cost to be used for engineering and administrative overhead (EAO) expenses and as well as other Maintenance and Other Operating Expenses:

(a) three and one-half percent (3.5%) for releases to the Central Office;

(b) two and one-half percent (2.5%) for releases to the Regional Offices (ROs);

(c) two percent (2%) for releases to the District Engineering Offices (DEOs);

(d) one percent (1%) for infrastructure projects under the Local Infrastructure Program undertaken by the Central Office, ROs or DEOs; and

(e) one-half percent (0.5%) for infrastructure projects of other agencies undertaken by the Central Office, ROs or DEOs.

For EAO expenses, the same shall be limited to: (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 after detailed engineering; (iii) construction project management; (iv) testing and quality control; (v) acquisition, rehabilitation and repair of related equipment and parts; (vi) contingencies in relation to pre-construction activities; and (vii) maintenance and other operating expenses. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

Disbursements or expenditures by DPWH in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

The DPWH shall submit its quarterly reports on the financial and physical accomplishments with electronic signature to the DWH, through the unified reporting system, and to the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, by posting said reports on the DPWH website for a period of three (3) years. The Secretary of Public Works and Highways shall send written notice to the said offices when said reports have been posted on its website, which shall be considered the date of submission.

(CONDITIONAL IMPLEMENTATION- President's Veto Message, December 19, 2017, Volume I-B, page 653, R.A. No. 10964)

14. **Reconstruction or Rehabilitation of Damaged Paved National Roads and Road Upgrading.** The amount appropriated herein shall be used for the reconstruction or rehabilitation 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.

15. **Preventive Maintenance of Roads and Bridges.** The amount appropriated herein shall be used for the preventive maintenance of

national roads and bridges based on the projects identified by the DPWH.

16. **Implementation of Flood Control Projects in the National Capital Region.** The DPWH shall implement foreign-assisted flood control projects and transfer the same to the NMDA only upon completion thereof or revision of the loan agreement indicating the NMDA as the implementing agency.

17. **Geo-Tagging of Roads and Bridges.** The DPWH shall undertake the geo-tagging of all its completed and on-going infrastructure projects.

The Secretary of Public Works and Highways and the Agency's web administrator or his/her equivalent shall be responsible for ensuring that the status of accomplishments, including the geo-tagged photos taken at a spatial resolution of 2-4 cm per pixel with time stamp of the sites, are posted in the DPWH website.

18. **Tulay ng Pangulo Para sa Kawilarang Pang-Agraryo.** The amount of One Hundred Million (P100,000,000) shall be appropriated under the budget of the DPWH to cover the operating costs and other related civil works in the construction and installation of remaining bridges in the arts. The DPWH shall implement these bridge projects upon endorsement by the Secretary of Agrarian Reform of the location or sites where the bridges will be constructed.

19. **Coconut Bio-Engineering Solutions.** In controlling soil erosion and slope stabilization in the construction of roads, the DPWH shall give priority to the use of Coconut Bio-Engineering solution in areas where there is available supply and the cost of Coconut Bio-Engineering solution is equal to or cheaper than the conventional slope protection materials.

20. **Evacuation Centers.** In the design and construction of evacuation centers, the DPWH shall ensure that the centers can withstand wind speed of three hundred (300) kilometers per hour and moderate seismic activity of at least 8.0 magnitude on the richter scale; utilize natural ventilation and rainwater through the inclusion of a rainwater catchment/harvesting system; and include facilities for the special needs of women, children, the elderly, persons with disabilities (PWDs) and such other physical provisions guaranteeing a humane condition for evacuees. In the selection of sites, the DPWH shall consider site stability and susceptibility to landslide or flooding based on the latest vulnerability and risk assessment and geohazard maps of the DEHR. No center shall be located on a no-build zone.

The Evacuation Centers shall be turned over to the LGU concerned which shall be responsible for the maintenance and operation of the centers.

(CONDITIONAL IMPLEMENTATION- President's Veto Message, December 19, 2017, Volume I-B, page 652, R.A. No. 10964)

21. **Allocation for Autonomous Region in Muslim Mindanao.** 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 the 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 DPWH website.

The ARMM shall likewise submit to the DBM and DPWH, either in printed form or by way of electronic document, quarterly reports on the utilization of funds, 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 ARMM website.

22. **Implementation of ARMM Projects.** The amount appropriated herein for the projects of the Autonomous Region in Muslim Mindanao (ARMM) shall be implemented in accordance with R.A. No. 9054, the Organic Law of the ARMM. The projects shall be implemented by the DPWH provided that it has been authorized through a resolution by the ARMM Regional Legislative Assembly.

23. **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 reconstruction and rehabilitation programs, activities or projects, including pre-positioning of goods and equipment 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, nor be realigned for any other purpose not authorized in this Act.

The DPWH shall submit, to the DBM and the National Disaster Risk Reduction and Management Council, the Speaker of the House of Representatives, the President of the Senate of the Philippines, the House Committee on Appropriations and the Senate Committee on Finance, either in printed form or by way of electronic document, quarterly reports on the status of 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 DPWH website.

24. **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:

New Appropriations, by Programs/Activities/Projects

Current Operating Expenditures

	Personnel Services	Maintenance and Other Operating Expenses	Capital Outlays	Total
General Administration and Support	7,186,940,000	850,729,000	1,418,741,000	9,456,410,000