



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
MANILA

09713 DPWH
2-1-96

18 January 1996

DEPARTMENT ORDER) SUBJECT: PROCUREMENT AND USE OF CEMENT FOR
No. 7) DPWH INFRASTRUCTURE PROJECTS AND
Series of 1996) OTHER RELATED MATTERS
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In the interest of public service and in accordance with the provisions of Presidential Memorandum Order No. 330 dated 17 January 1996, "authorizing agencies of government implementing infrastructure projects to adopt pre-payment basis in the procurement of their cement requirement," copy attached, the following guidelines and policies relative thereto are hereby prescribed for the guidance of all concerned:

1. DPWH contractors for infrastructure projects may use either domestically produced or imported cement provided that it meets the prescribed specifications.

2. As a matter of policy, the DPWH does not intervene in the procurement of cement for use of a contractor in its project(s) contracted with the DPWH. The procurement transaction shall be between the contractor and the supplier only.

3. A contractor may, however, request the DPWH in writing to pre-pay the cement requirements of its project using funds obligated to cover the cost of its contract, provided the cement shall be exclusively used for the specific DPWH project contracted and shall not exceed the cement requirement of said project, as verified by the Head of the DPWH Implementing Office, but in no case exceeding the cement requirement for three (3) months based on the approved PERT/CPM schedule of the project. The said request shall be supported by a formal written quotation from the supplier identified by the contractor, and by a written statement that the contractor shall store the cement within the project site. The quotation shall not exceed the prevailing price of cement as computed by the Department of Trade and Industry for the period under consideration.

4. The request for pre-payment shall be subject to the approval of the DPWH official who approved the corresponding civil works contract, as recommended by the Head of the Implementing Office concerned. Before the request for pre-payment is approved, the Head of the Implementing Office must verify that adequate storage facilities for the cement are available within the project site.

5. After approval of its request for pre-payment, the contractor concerned shall submit to the Head of the Implementing office the official invoice from its supplier and a written commitment to deliver the cement within fifteen (15) days upon

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receipt of the pre-payment. These documents shall be presented to support the corresponding DPWH disbursement voucher, payable to the contractor.

6. For the faithful recoupment of the pre-payment made by the DPWH, the contractor concerned shall submit a Surety Bond, callable on demand, covering the amount of the pre-payment and issued by a surety company acceptable to the DPWH.

7. The DPWH shall recoup the pre-payment for cement made to a contractor through deductions from its progress billings under a definite repayment schedule mutually agreed upon by and between the DPWH and the contractor, over a period not exceeding three (3) months after the pre-payment. In case of termination/rescission of a contract, the pre-payment shall be considered an obligation of the contractor. In such cases of contract termination/rescission, the DPWH reserves the right to assume or not to assume eventual ownership of unused cement remaining on stock in the project and its consequent payment or non-payment in the financial liquidation of the terminated/rescinded project.

8. The contractor concerned shall be responsible for the quality of the cement that it will use. The DPWH reserves the right to reject cement which does not comply with the prescribed specifications, especially the pertinent provisions of the DPWH Standard Specifications 1988, Volume II (Blue Book), e.g., Item 700, to wit:

"Cement shall conform to the requirements of the following cited Specifications for the type specified or permitted.

Portland Cement	AASHTO M 85 (ASTM C150)
Blended Hydraulic Cement	AASHTO M 240 (ASTM 595)
Masonry Cement	AASHTO M 150 (ASTM C 91)

"x x x x

"Unless otherwise permitted by the Engineer, the product of only one mill of any one brand and type of Portland Cement shall be used on the project.

"The Contractor shall provide suitable means of storing and protecting the cement against dampness. Cement which, for any reason, has become partially set or which contains lumps or caked cement will be rejected. Cement salvaged from discarded or used bags shall not be used."



In the case of Portland cement, the pertinent AASHTO specifications to be followed are as follows (AASHTO M 85-89/ASTM C150-86):

"Cement remaining in bulk storage at the mill, prior to shipment, for more than 6 months, or cement in bags in local storage in the hands of a vendor for more than 3 months, after completion of tests, may be retested for use and may be rejected if it fails to conform to any of the requirements of this specification."

9. Furthermore, the contractor concerned shall be fully responsible for the proper storage of the cement, including possible damage or loss. The contractor will be required to refund to the DPWH the amount pertaining to the rejected, damaged, or lost cement or to replace said cement with cement which complies with the prescribed specifications.

10. The cement component of concrete pre-paid by the DPWH shall not be subject to price escalation.

11. The application by interested contractors and approval by the concerned DPWH official of this pre-payment scheme for specific projects can be authorized only until 17 July 1996.

12. Any violation of these guidelines shall be subject to existing laws, rules and regulations, including but not limited to the blacklisting of the contractor concerned and/or forfeiture of his surety bond as per Section 6 hereof.

This Order shall take effect immediately.


GREGORIO R. VIGILAR
Secretary