



Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Bonifacio Drive, Port Area, Manila

097-13 PPWH  
4-27-87 (R)

1 April 1987

DEPARTMENT ORDER)  
No. **12** )  
Series of **1987** )

SUBJECT: Partial Payment of  
Materials-On-Site

To ease the financial burden of contractors in the execution of their projects under contract with this Department and to keep contractors working on locally-funded projects on equal footing with those working on foreign-assisted projects wherein contracts on the latter allow partial payments for certain materials-on-site, partial payment on the following construction materials is hereby authorized, namely:

1. Asphalt
2. Reinforcing Steel (Cut and Bent)
3. Structural Steel
4. Piles (concrete or steel)
5. Sheet Piles (concrete or steel)
6. Pre-stressed or Pre-cast Concrete
7. Class I or II Rocks
8. Cement
9. Concrete aggregates

Partial payment as above authorized shall be subject to the following conditions:

1. That the contractor should apply in writing for such partial payment using the attached standard request form;

2. That the District Engineer, Regional Director, Undersecretary concerned or Secretary, depending upon his limits of approving authority, approves the above request following its review, inspection, valuation and recommendation by the Project Engineer concerned;

3. That partial payment to the contractor shall be up to a maximum of seventy percent (70%) of the invoiced cost of the materials or seventy percent (70%) of the cost of these materials as determined from the bid price of the work item to which they will be incorporated, whichever is lower;

4. That the quantities of these materials shall not exceed the requirements of the project;

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4-7-87

5. That the contractor shall remain principally responsible for the safekeeping of these materials and shall be solely responsible for any loss, damage or injury to them for whatever cause;

6. That the contractor shall post a surety bond for these materials from a reputable insurance company acceptable to the government;


7. That these materials shall pass the required quality tests on construction materials;

8. The partial payment to the contractor shall be made by inclusion of the same in his regular progress billing by adding the authorized value of these materials as determined per item (3) above to the net amount of the regular billing;

9. That the partial payment given per item (8) above shall be fully deducted from the contractor's next immediate monthly billing without prejudice to his submitting another request for payment upon submission/approval of another written request as described in item (1) above; and that subsequent payments and recoupments shall be as afore-described.

This policy, with respect to existing contracts, may be implemented by means of an addendum executed by the parties. All contracts executed hereafter shall incorporate a provision to this effect.

This Order shall take effect immediately.

  
VICENTE R. JAYME  
Secretary

REQUEST FOR PAYMENT OF MATERIALS-ON-HAND  
For the month of \_\_\_\_\_

TO : Project Engineer

Project Name: \_\_\_\_\_

FROM : \_\_\_\_\_ Contractor

Location: \_\_\_\_\_

In accordance with the provisions of the Contract Documents, request is hereby made for payment as "Materials-on-Hand" for the following materials:

[illegible]

\* Whichever is Lower

AFFIDAVIT:

The materials listed above have been purchased exclusively for use on the above referenced project. The materials is separated from other like materials and is physically identified as our property for use only on the \_\_\_\_\_ Project. The Project Engineer may enter upon the premises where they are stored for the purpose set forth in the Contract Documents for inspection, checking or auditing or for any other purpose as may be considered necessary. It is expressly understood and agreed that this information and affidavit is furnished the Project Engineer for the purpose of obtaining payment for the above materials before they are incorporated into the works. Storage thereof at the location shown is under the sole responsibility of the contractor.

Contractor

RECOMMENDING APPROVAL:

APPROVED:

Resident Engineer



REPUBLIC OF THE PHILIPPINES  
MINISTRY OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE MINISTER  
MANILA

January 13, 1986

099.13 MPWH  
1-29-86

MINISTRY ORDER)  
No. 5 )  
Series of 1986)

SUBJECT: Amendment to Ministry Order No. 17  
and 17-A, series of 1983, re Partial  
Payment of Materials-on-site

In order to ease the financial burden of contractors in the execution of their projects under contract with this Ministry and to keep contractors working on locally funded projects on equal footing with those working on foreign-assisted projects wherein contracts on the latter allow partial payments for certain materials-on-site, partial payment of the following construction materials are hereby authorized, namely:

1. Asphalt
2. Reinforcing Steel (Cut and Bent)
3. Structural Steel
4. Piles (concrete or steel)
5. Sheet Piles (concrete or steel)
6. Pre-stressed or Pre-cast Concrete
7. Class I or II Rocks

Partial payment as above authorized shall be subject to the following conditions:

1. That the contractor should apply in writing for payment using the attached standard request form;

2. That the District Engineer, Regional Director, Deputy Minister concerned or Minister, depending upon who is the official authorized to approve the payment voucher approves the above request following its review, inspection, valuation and recommendation of the Project Engineer concerned;

3. That partial payment therein shall be up to a maximum of seventy percent (70%) of the invoiced cost of the materials or seventy percent (70%) of the cost of these materials as determined from the bid price of the work item to which they will be incorporated, whichever is lower;

4. That the quantities of these materials shall not exceed the requirements of the project;

5. That the contractor shall remain principally responsible for the safekeeping of these materials and shall be solely responsible for any loss, damage or injury to them for whatever cause;

6. That if the aggregate cost of the materials shall exceed ₱100,000.00, the contractor shall secure an all-risk insurance coverage for these materials from a reputable insurance company acceptable to the government;

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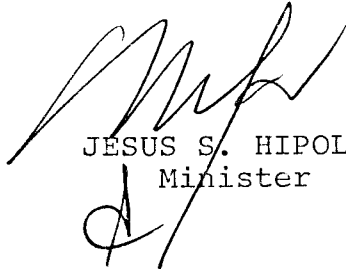
7. That these materials shall pass the required quality tests on construction materials as prescribed under MO 31 dated September 3, 1985;

8. That partial payments to the contractor shall be made by inclusion of the same in his regular progress billing by adding the value of these materials as determined per item (3) above to the net amount of the regular billing;

9. That the partial payment given per item (7) above shall be fully deducted from the contractor's next immediate monthly billing without prejudice to his submitting another request for payment upon submission/approval of another written request as described in item (1) above; subsequent payments and recoupments shall be as afore-described.

This policy, with respect to existing contracts, may be implemented by means of a supplemental agreement or addendum executed by the parties, and all contracts executed hereafter shall incorporate a provision to this effect.

This order amends Ministry Order No. 17 and 17-A, series of 1983, and shall take effect immediately.



JESUS S. HIPOLITO  
Minister



REPUBLIC OF THE PHILIPPINES  
MINISTRY OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE MINISTER  
MANILA

20 December 1983

MINISTRY ORDER)

NO. 17-A

Series of 1983)

SUBJECT: Amendment to Ministry Order No. 17,  
series of 1983, re partial payment  
of materials delivered at project  
site

In order to ease the financial burden of contractors brought about by the increase in the cost of construction materials as a result of the recent devaluation of the peso, Ministry Order No. 17, dated 10 March 1983, is hereby amended to include the following materials:

- Asphalt
- Class I and II Rocks
- Pre-stressed/Pre-cast Concrete Members
- Concrete and Steel Sheet Piles

as eligible for partial payment of seventy percent (70%) of the invoiced cost or seventy percent (70%) of the cost of materials in the bid item, whichever is lower, upon their delivery at the project site, as certified by the Resident Engineer, subject to the following terms and conditions:

1. That the materials to be purchased shall be limited to those immediately needed as determined by the approved work plan, and the quantities thereof shall be in accordance with the approved PERT-CPM. Each purchase shall not exceed the requirement of the project for three (3) months;
2. That the contractor shall remain principally responsible for the safekeeping of these materials and shall be solely responsible for any loss, damage or injury to them for whatever cause;
3. That in case of loss, damage or injury, the contractor shall, within reasonable time from receipt of notice, replace such materials at his own cost; otherwise, no further partial payments of materials purchased shall be allowed;
4. That if the aggregate cost of materials partially paid amounts to more than P100,000.00, the contractor shall secure an all-risk insurance coverage for these materials from a reputable insurance company acceptable to the government;
5. That partial payments of materials made to the contractor shall be deducted from the cost of completed items of work where such materials have been used.

This policy, with respect to existing contracts, may be implemented by means of a supplemental agreement or addendum executed by the parties, and all contracts executed hereafter shall incorporate a provision to this effect.

This order shall take effect immediately.

JESUS S. HIPOLITO  
Minister



REPUBLIC OF THE PHILIPPINES  
MINISTRY OF PUBLIC WORKS AND HIGHWAYS  
OFFICE OF THE MINISTER  
MANILA

10 March 1983

MINISTRY ORDER)

NO. 17

Series of 1983)

SUBJECT: Partial payment of construction materials delivered at the project site

Many contractors, especially those undertaking big projects, are requesting partial payment of construction materials purchased by them and stored at the project site. It is claimed that the sizeable amount used in the purchase of these materials would adversely affect their cash flow if they are not allowed partial payment thereof.

We have noted that contracts for projects financed fully or partly with foreign loans allow partial payment of materials delivered at the jobsite. Other contracts, however, do not allow the same privilege.

The predicament of these contractors cannot be ignored. Their problem requires immediate solution. While we adopt a sympathetic attitude to this problem, however, we should also provide ample protection of the interest of the government.

In view of the foregoing considerations and in order to help ease the financial difficulties of our contractors, without jeopardizing the interest of the government, the Ministry hereby authorizes partial payment of seventy percent (70%) of the invoiced cost or seventy percent (70%) of the cost of materials in the bid item, whichever is lower, for the following construction materials after delivery at the project site, as certified by the Resident Engineers, to wit:

1. Structural steel
2. Reinforcing Steel bars (cut and bent)
3. Piles

subject to the following conditions:

1. That the contractor shall remain principally responsible for the safekeeping of these materials and shall be solely responsible for any loss, damage or injury to them for whatever cause;

*Mr. J. R. P. 3/15/83*

2. That in case of loss, damage or injury, the contractor shall, within reasonable time from receipt of notice, replace such materials at his own cost; otherwise, no further partial payments of materials purchased shall be allowed;
3. That if the aggregate cost of materials partially paid amounts to more than P100,000.00, the contractor shall secure an all-risk insurance coverage for these materials from a reputable insurance company acceptable to the government;
4. That partial payments of materials made to the contractor shall be deducted from the cost of completed items of work where such materials have been used.

This policy with respect to existing contracts may be implemented by means of a supplemental agreement or addendum executed by the parties, and all contracts executed hereafter shall incorporate a provision to this effect.

This order shall take effect immediately.



JESUS S. HIPOLITO  
Minister