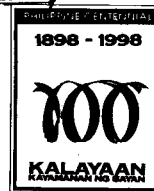


Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila



JAN 22 2001

**DEPARTMENT ORDER)**


No. **16** )  
Series of 2001 1-22-2001 )  
X-X-X-X-X-X-X-X

SUBJECT: Contract Management Procedures  
for Projects under the Project  
Management Office for Philippines-  
Japan Highway Loan (PMO-PJHL)

To provide greater efficiency in the implementation of projects under the Project Management Office (PMO) for Philippines-Japan Highway Loan Projects (PJHL), the following instructions and guidelines are hereby issued to the Project Director of the said PMO:

1. The cost estimate for a contract made by the Consultant who prepared the detailed engineering and bidding documents shall serve as the basis for the Approved Agency Estimate (AAE) of the said contract.
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 (BOQ) 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 BOQ 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 PMO-PJHL is hereby authorized to approve VOs up to an aggregate amount of ten percent (10%) of the original total contract price.
4. The Director of the PMO-PJHL is hereby further authorized to approve as-staked drawings, which will involve an overall increase or decrease of not more than 10% of the total original contract price.
5. The required Performance Security for every contract shall be in the form of an unconditional bank guarantee or a letter of credit only.

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

  
**GREGORIO R. VIGILAR**  
Secretary