



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

20 April 1988

DEPARTMENT ORDER) SUBJECT: Amendments to the Implementing
No. **30** *m 4/22* Rules and Regulations of PD 1594
Series of 1988 *4/22* Governing Infrastructure Contracts

T O : All Regional Directors
District and City Engineers
Project Managers and Engineers
Chairmen and Members, Prequalification, Bids
and Awards Committees
Heads of Attached Corporations
Others Concerned

All concerned are hereby directed to comply with the enclosed set of Implementing Rules and Regulations (IRR) of PD 1594 governing infrastructure contracts, with amendments approved by the President of the Philippines, per the letter dated 13 April 1988, copy attached, of the Executive Secretary.

The amendments consist of additional words or phrases, which are all capitalized, and deleted words or phrases, which are bracketed.

Attention is especially invited to the following amendments, among others:

1. The Approved Agency Estimate (AAE) shall be finalized on the day of the bidding after all bids have been received. It shall be held confidential and announced publicly before the bids are read on the day of the bidding (p. 2, I, No. 7).

2. The Prequalification, Bids and Awards Committee shall include one qualified private sector representative each from the end-user group, the Philippine Institute of Certified Public Accountants, and, as non-voting member, either the Philippine Institute of Civil Engineers or the Philippine Constructors Association or the National Confederation of Constructors Associations of the Philippines (p. 5, IB 1.1).

3. For projects costing ₱1 million and below, advertisement shall only be once within a week in a local paper (p. 6, IB 1.2, No. 1).

357 4. An Inter-Agency Committee composed of representatives of the DPWH, the Department of Transportation and Communications, the National Economic and Development Authority, and the Office of the President of the Philippines shall register and classify the contractors (p. 9, IB 1.4). ✓

5. Bidding for projects larger than the small category shall be open to all contractors above that category, provided that a contractor may not bid for a project with a cost exceeding the ceiling of his class, while bidding for projects within the small category shall be limited only to small contractors (p. 9, IB 1.4).

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6. Detailed prequalification of contractors shall be done before the bidding (p. 10, IB 1.5).

7. A certification of increased paid-up capital duly filed with and approved by the Securities and Exchange Commission may be submitted by a bidder as a basis for the reevaluation of his net financial contracting capacity (p. 11, IB 1.5, para. 4).

8. Additional acceptable forms of bid bond shall be a letter of credit issued by a commercial bank and a surety bond, callable on demand, issued by an insurance company duly accredited by the Office of the Insurance Commissioner or OIC (p. 15, IB 2.1).

9. Award shall be made to the lowest bid not higher than the AAE or lower than 70% of the Allowable Government Estimate (AGE). The AGE is one-half of the sum of the AAE and the average of all responsive bids. In determining the average of all responsive bids, bids higher than 120% of the AAE or lower than 60% of the AAE shall not be considered (p. 17, IB 2.4.1).

10. The required cash deposit shall be equivalent to the average operating expenses for two months only (p. 18, IB 2.4.1, No.5).

11. The performance bond shall be a straight 10% of the contract price. An additional acceptable form of performance bond shall be a surety bond, callable on demand, from a private surety company accredited by the OIC (p. 19, IB 2.4.1, No. 6).

12. Sealed canvass bidding of at least three qualified contractor may be allowed in times of emergencies arising from natural calamities or in cases of failure of public bidding, subject to prior approval of the DPWH Secretary within the limits of his authority (p. 20, IB 2.4.2, No. 1).

13. Award shall be made within 15 working days after all requirements and documentation for award have been submitted by the contractor (p. 22, IB 2.6).

14. The advance payment to a contractor shall be a straight 15% of the contract price. Aside from a letter of credit, also acceptable as a guarantee for the advance payment shall be a surety bond, callable on demand, from a private surety firm accredited by the OIC (p. 29, C14).

15. The amended IRR of PD No. 1594 shall apply to all contracts for infrastructure and other construction projects of all government agencies, including government-owned or controlled corporations and other instrumentalities, except lump-sum pakyaw contracts (p. 41, IV).

This Order takes effect immediately and supersedes other Department Orders and Memoranda or portions thereof inconsistent herewith.


J. NERY FERRER
Secretary

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