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

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DEPARTMENT ORDER )  
No. **35** )  
Series of 2015 )

**SUBJECT: GUIDELINES FOR THE PROCUREMENT  
OF MULTI-YEAR CONTRACTS FOR  
LOCALLY-FUNDED INFRASTRUCTURE  
PROJECTS**

To provide for the efficient and continuous implementation of major locally-funded infrastructure projects of the DPWH, all concerned are hereby directed to observe the following guidelines for the procurement of multi-year contracts for such projects:

**1. General Rule**

Every major locally-funded infrastructure project which has an implementation period of more than one year shall be procured thru a multi-year contract covering its entire scope and total cost up to completion. The scope of the contract must cover a complete stand-alone infrastructure facility which is safe, strong, and functional to the end-user (e.g., complete bridge or dike). Splitting of such a project into single-year contracts, each of which cannot stand alone or is unsafe, unstable, or non-functional to the end-user, shall not be allowed. This is to ensure continuity in funding and implementation of the entire complete usable project until its completion, and to provide for a single point of responsibility for the project execution by one contractor only.

**2. Feasibility Study (FS)**

As in all other infrastructure projects of the DPWH, the feasibility of a proposed multi-year project must first be firmly established. For this purpose, the DPWH Planning Service (PS), thru its Project Preparation Division or a qualified consultant, shall conduct the FS of the project to define its basic features and determine if it is feasible in technical, economical, financial, environmental, social, and operational terms.

**3. Detailed Engineering Design (DED) and Funding Requirements**

Once the feasibility of the multi-year project has been established, the Implementing Office (IO) must initiate the DED. The DED shall be undertaken by the IO, the Bureau of Design (BOD) or a qualified consultant under the supervision of the BOD, depending on the magnitude and complexity of the project and the capacity and workload of the IO/BOD. The DED includes the preparation of detailed plans, drawings, design analyses, specifications, and quantity and cost estimates with a degree of accuracy of +/-5%.

Based on the DED, the PS must estimate the total funding requirements for the project to cover all cost components including the following:

- a. Cost of construction (civil works) of the entire multi-year project up to its completion, including provisions for price inflation during the construction period.
- b. Cost of DED, including provisions for price inflation during the design period.

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- c. Cost of DPWH Construction Supervision (CS), including provisions for price inflation during the construction period.
- d. Cost of Right-of-Way (ROW) acquisition, including relocation of any informal settlers.

**4. Inclusion of Project in the Medium-Term Public Investment Program (MTPIP) and Annual Budget Proposal**

The PS shall then line up the proposed multi-year project along with other projects found feasible, prioritize them using relevant multi-criteria analysis, and include the projects, together with their annual funding requirements up to completion, in the DPWH MTPIP for multi-year funding within the set budget ceilings.

The PS shall also include the funding requirement for the first/incoming year of the multi-year project in the annual DPWH infrastructure program and corresponding annual budget proposal to be submitted to the Department of Budget and Management (DBM) for inclusion in the proposed National Expenditure Program (NEP) for the coming fiscal year. The NEP will be transmitted by the President to Congress to serve as the basis for the General Appropriations Act (GAA) for that fiscal year.

**5. Approval by National Economic and Development Authority-Investment Coordination Committee (NEDA-ICC)**

If the project costs One Billion Pesos (PhP 1,000,000,000) or more, the DPWH (with PS staff work) shall forward the Project Proposal, together with the supporting FS and other relevant project documents, to the NEDA-ICC for evaluation and approval.

If the project costs less than One Billion Pesos (PhP 1,000,000,000), the DPWH shall forward to the DBM, for evaluation and approval, the request for the Multi-Year Obligational Authority (MYOA) and for the release of the Current Year Appropriations for the project, in accordance with item 6 of this Department Order, together with the supporting project documents.

**6. Multi-Year Obligational Authority (MYOA) and Release of Current Year Appropriations**

Prior to the procurement of the multi-year contract for the project, the DPWH (with PS staff work) shall prepare and submit to the DBM the requests for the following:

- a. MYOA. The MYOA is a document issued by the DBM authorizing the DPWH to obligate the amount indicated therein for contracts and other activities of multi-year projects. The MYOA authorizes the amount of funds that may be obligated for each fiscal year covered by the project implementation. The MYOA provides that the annual budgetary requirements until the completion of the project shall be sourced from the budget ceiling of the DPWH, subject to final approval of Congress and existing budgetary rules and regulations. The MYOA provides that the actual obligations to be incurred in any given fiscal year shall not exceed the allotment released for that fiscal year. Furthermore, if the project costs One Billion Pesos (PhP 1,000,000,000) or more, the amount authorized in the MYOA must be the same amount approved by the NEDA-ICC or by the NEDA Board.



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- b. Release of Funds under the Current GAA. Consistent with the MYOA, the DPWH shall request the DBM to release the funds authorized under the GAA for the current year to finance that portion of the multi-year project which is scheduled to be accomplished in that year. If the project funds appropriated for the current year are specified as a line item in the GAA, such funds are automatically released with the GAA itself as the release document. Otherwise, the DPWH shall request the DBM to issue a Special Allotment Release Order (SARO) covering the portion of the multi-year cost to be disbursed during that year, chargeable against appropriate sources in the GAA.

**6. Approved Budget for the Contract (ABC)**

Since the project is to be implemented under a single multi-year contract, the IO shall prepare the ABC for the entire multi-year project up to its completion, considering the DED cost estimates as updated, and in accordance with existing DPWH guidelines including the use of the required Detailed Unit Price Analysis (DUPA). The ABC shall be subject to review by the Bureau of Construction and to approval by the Secretary.

**7. Procurement of Contract**


The IO shall include the multi-year project in the Project Procurement Management Plan (PPMP) to be consolidated into Annual Procurement Plan (APP) of the DPWH.

The BAC shall conduct the Bidding for the multi-year contract in accordance with the provisions of R.A. 9184 and its Implementing Rules and Regulations. This includes the following BAC actions:

- a. Issuance of the Bidding Documents
- b. Receipt of bids
- c. Evaluation of bids
- d. Recommendation for Contract Award for approval by the Secretary

**8. Certification and Obligation of Funds**

Once the contract for the multi-year project is awarded, the DPWH Chief Accountant shall, pursuant to the provisions of Section 86 of PD 1445, LOI 968, Section 46 of PD 1177, issue a Certificate of Availability of Funds (CAF), concurred in by the Director of the Financial Management Service, to the effect that the funds to cover the total cost of the awarded multi-year contract, are available for expenditure as duly certified by the DPWH Budget Officer, under the following obligations:

- a. Obligated amount corresponding to the appropriation released under the current GAA, either thru the GAA itself as the release document (if the project is a line item in the GAA) or thru a SARO (if the project is not a line item in the GAA).
  - b. Unobligated amount covered by the issued MYOA, i.e., the total amount of the MYOA less the obligated amount in item 8a. The MYOA shall be attached to the CAF.
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**9. Inclusion in Future Annual Budget Proposals**

Beyond the current year, to ensure continuity in funding of the multi-year contract up to project completion as committed in the MYOA, the PS shall see to it that the funding requirements for the remaining years of the contract duration are prioritized in the succeeding annual infrastructure programs and included as Forward Estimates (i.e., the annual funding required to continue and complete ongoing projects over the coming fiscal years) in the corresponding annual budget proposals of the DPWH within its budget ceilings. The DPWH shall submit these budget proposals to the DBM for inclusion in the future National Expenditure Programs (NEPs) which shall serve as the bases for the GAAs to be passed by Congress. The final amount to be appropriated in the GAA for the project for each fiscal year shall be determined by Congress. The PS shall ensure that the remaining yearly funding requirements of the contract to be included in the future budget proposals are properly updated, considering the actual physical and financial status of the project, including any duly approved contract variations.

This Order takes effect immediately.

  
**ROGELIO L. SINGSON**

Secretary

Department of Public Works and Highways  
Office of the Secretary



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