



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

097.13 DPWH

4-13-89

REC'D - APR. 13, 1989

9:00 - A.M.

4/13

4 April 1989

DEPARTMENT ORDER)

No. **36**  
Series of 1989

Subject: Inclusion of Physical and Price  
Contingency Funds in Programs  
of Works and Contracts

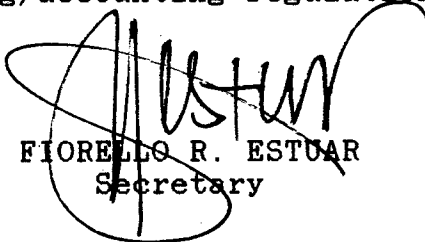
In order to emphasize the role of the Program of Work (POW) as a budgetary instrument which triggers the allocation and release of funds and to ensure that funds are available to meet any unforeseen contingencies in the implementation of projects, including escalation of construction costs, it is hereby directed that, henceforth, all POWs shall have built-in provisions for physical and price (inflation) contingencies.

The amount of these contingency funds shall be determined by the Implementing Office concerned which will be guided principally by the degree of the preliminary/detailed engineering effort done on the project, the firmness of the quantities of work in the program, and the fluidity of the market prices of construction materials and other inputs.

For physical contingencies, the original provisions as incorporated in the mark-ups may be highlighted and separated. For price contingencies, the provision shall be based on a study of the likely movement of construction prices during the construction period; for this purpose, reference shall be made to the estimates/projections of the DPWH Planning Service.

The physical contingency provisions shall be utilized only for approved changes in the Works, and the price contingency provisions shall be used exclusively to cover costs of duly approved contract price escalation.

After completion of the project, all unspent project funds may be re-programmed to cover other projects for which the price contingency was underestimated, subject to prior provision of a valid Advice of Allotment, and/or to extend the project length or undertake deferred components, or to request proper authorities that they be declared as savings and be used for other purposes as may be allowed by law and auditing/accounting regulations.

  
FIORELLO R. ESTUAR  
Secretary

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