



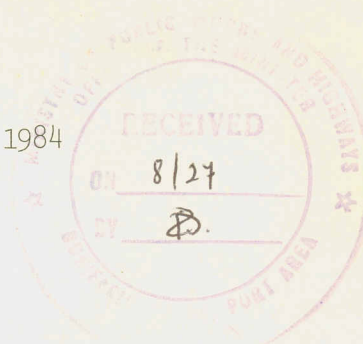
REPUBLIC OF THE PHILIPPINES  
**MINISTRY OF PUBLIC WORKS AND HIGHWAYS**  
OFFICE OF THE MINISTER  
**MANILA**

August 21, 1984

MINISTRY ORDER

NO. **37**

Series of 1984



Re: Guidelines in the Renegotiation  
of Contract Prices for IBRD-  
Assisted Highway Projects

To attain an equitable and uniform implementation of contract price adjustments for World Bank assisted projects under the Third Highway Project (IBRD Loan No. 1353-PH), Fourth Highway Project (IBRD Loan No. 1661-PH) and Rural Roads Improvement Project (IBRD Loan No. 1860-PH) as approved by the President on 08 March 1984, the following guidelines are hereby issued:

1. The Project Management Offices (PMOs) concerned with their respective Construction Supervision Consultants (CSC), in coordination with the contractors concerned, shall evaluate/determine the balance of work as of 01 November 1983 per approved work schedule (PERT/CPM) on all-going contracts, together with the contractor's mark-up or expected profit therefore;
2. After evaluation/determination of the balance of work, the PMO's shall prepare the corresponding revised agency estimate in accordance with the standard procedure outlined in preparing the Agency Estimate, utilizing the plateau prices prevailing during the month of November 1983, but excluding contractor's mark-up or profit and mobilization cost, if any;
3. The revised agency estimate, as prepared, shall be forwarded to the MPWH Central Estimating Committee for review/revision/modification, as the case may be, and shall thereafter be submitted to the Minister for approval. The revised AAE (Direct Cost) shall be the renegotiated contract price for the balance of work as of November 01, 1983 that shall be awarded to the contractor, plus the original contractor's mark-up or profit for the said balance of work as determined above.
4. If after this renegotiation of contract prices, there may

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be price fluctuations of construction materials and supplies,  
equipment and labor, which would cause an increase or decrease  
of more than five (5%) per cent of the renegotiated contract  
unit price of items of work, further price escalation may  
be granted, applying the escalation method provided in PD 1594.

  
JESUS S. HIPOLITO  
Minister

MINISTRY OF PUBLIC WORKS  
IBRD (HIGHWAYS) PROJECT  
ROUTING

NO.

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④ DM MED

③ AM LEGAL

② DIR. BUREAU BOE

CHIEF SERVICE

① PM IBRD

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