



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

697.13 DPWH
03-16-2015

MAR 11 2015

DEPARTMENT ORDER)
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NO. **38**)
Series of 2015 03.16.15

**SUBJECT: SUBCONTRACTING OF DPWH
INFRASTRUCTURE PROJECTS**

Pursuant to the provisions of Section 4.2 c), Appendix 11, of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, which impose penalties on contractors for violations committed during the contract implementation stage, particularly for the assignment and subcontracting of an infrastructure contract or any part thereof without prior written approval by the Procuring Entity, all concerned are hereby directed to observe the following specific rules with regard to subcontracting:

- a. All subcontracts shall be subject to prior approval of the concerned Heads of the Procuring Entity (Central Office/Regional Office/District Engineering Office) within the limits of their delegated authority to approve the original contracts.
- b. Unless otherwise specified in the Bidding Documents (BDs) and Conditions of Contract (CC), the contractor may subcontract portions of the works to such an extent as may be approved by the Procuring Entity and stated in the BDs/CC, provided that the main contractor shall directly undertake, using its own resources, not less than fifty percent (50%) of the contract works in terms of cost.
- c. Each subcontractor must comply with the eligibility criteria - e.g., applicable license from the Philippine Constructors Accreditation Board, satisfactory completion of works similar to the portion of the contract to be subcontracted and costing at least fifty percent (50%) of the cost of such portion, and sufficient Net Financial Contracting Capacity, as well as minimum equipment and manpower – as specified in the BDs for the portion of the contract works to be subcontracted to the subcontractor. This requirement does not apply to labor "pakyaw" contracts.
- d. The bidder/main contractor may identify the subcontractors to whom portions of the contract works will be subcontracted at any stage of the bidding process or during contract implementation, provided that any subcontracting requires prior approval of the Procuring Entity. If the bidder opts to disclose the name of the subcontractors during the bid submission, the bidder shall include the required eligibility documents for the subcontractors as part of the technical component of its bid. Subcontractors identified during the bidding may be changed during the implementation of the contract, subject to compliance with the eligibility requirements and the approval of the Procuring Entity.
- e. Subcontracting of any portion of the contract shall not relieve the main contractor from any liability or obligation that may arise from the contract. The main contractor shall be responsible for the acts, defaults, and negligence of any subcontractor, its agents or workmen.

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The Heads of the Procuring Entities concerned shall see to it that this Order is strictly enforced. Failure to do so shall, after due process, make them and other officials/employees involved liable to the penalties prescribed for violation of reasonable office rules and regulations in Section 52, C(3) of Civil Service Resolution No. 991936 dated August 31, 1999, otherwise known as the Uniform Rules on Administrative Cases in the Civil Service – i.e.: 1st offense – Reprimand; 2nd offense - Suspension for 1-30 days; and 3rd offense – Dismissal.

This Order takes effect immediately.


ROGELIO L. SINGSON
Secretary

Department of Public Works and Highways
Office of the Secretary



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4.7.2 JABS/MGNO