

B. Overhead Costs

These are incidental and general administrative and management expenses of the consulting firm other than those directly related to the project, and are expressed in percent of the total of the basic salaries of all the personnel of the firm.

For consulting services with the DPWH, the overhead costs shall not exceed one hundred twenty percent (120%) of the basic salary of the personnel. These costs may include a combination of the following:

- B.1 Executive, administrative, accounting, and legal salaries, other than identifiable salaries included in the basic man-month salaries.
- B.2 Legal and corporate expenses, including licenses and professional membership fees.
- B.3 Business costs, including representation allowances, advertisements, and promotions.
- B.4 Research and development activities, including personnel development programs.
- B.5 Provision for office, electricity, water, and similar items for working space.
- B.6 Depreciation and amortization.
- B.7 Financial and banking costs, including interest expenses and handling charges.
- B.8 Building and equipment insurance.
- B.9 Provision for loss of productive time of technical employees between assignments.
- B.10 Taxes.

C. Social Charges

These are cost items for the welfare and benefit of the consultant's staff in accordance with the policies of the consultant and the government. They are expressed as a percentage of the basic rates of the consultant's personnel.

For consulting services with the DPWH, the social charges shall not exceed twenty percent (20%) of the basic salary of the personnel. Social charges may include any or a combination of the following, based on audited and sworn statements:

- C.1 Bonuses.
- C.2 Vacation/sick leave and paid public holidays.
- C.3 Medical care.
- C.4 Pension plan covering retirement and/or terminal pay.
- C.5 Company insurance.

C.6 Other benefits as required by law.

D. Management Fee

This is the reasonable profit or remuneration of the consultant as a whole for providing the professional know-how and expertise of the consultant. The management fee shall be fixed as a percentage of the sum of the basic salary, overhead costs and social charges. For consulting services with the DPWH, the management fee shall not exceed fifteen percent (15%) of the sum of the basic salaries, overhead costs and social charges.

E. Multiplier

The billing factor or multiplier is the sum of:

100% +%overhead +%social charges + %management fee

where:

%overhead shall not be more than 120%,
%social charges shall not be more than 20%, and
%management fee shall not be more than 15%.

The multiplier shall not exceed 2.0 to 2.5 for the technical personnel, and shall not exceed 1.8 for the administrative personnel directly hired for the project.

F. Reimbursable Costs

These include all other expenses associated with the execution of the consulting services. These costs may be classified into:

a. Based on Agreed Fixed Rates

These are cost items which are payable at agreed unit rates to the consultant and include the following, among others:

F.1 Housing Allowance – This shall cover housing costs, including those for electricity and water, for consultant’s staff. It should not include food and laundry since these are basic necessities that the consultant has to spend for even without the project. In considering the housing allowance, the base of operation and the designated official station of duty of the consultant must be defined.

The base of operation is the location of the home office of the consultant, while the designated official station of duty is the location outside of the base of operation where most of the consultant’s staff will be working more often continuously during the duration of the services.

For local consultants, the base of operation is usually in Metro Manila, and the designated official station of duty is the project site outside Metro Manila. Sometimes, in undertaking the services, the consultant’s personnel are

grouped into two (2), i.e., those stationed at the base of operation and those stationed at the project site, depending on where they will be staying longer continuously during the duration of the services.

Housing allowance shall be given only for long-term consultant's staff, i.e., those who will be staying at the designated official station of duty continuously for more than one (1) month. However, in the case of construction supervision, such allowance shall not be given for the consultant if the contractor has already included facilities for the engineers in its Bill of Quantities (BOQ). Likewise, the DPWH may also provide housing facilities at the designated official station of duty instead of giving housing allowance. The work and manning schedules, together with the designated base of operation and the official station of duty, shall be the basis for determining the rates of housing allowance and per diem.

F.2 Per Diems - These are daily allowances given to the consultant's personnel while on official trips authorized by the DPWH and/or explicitly required in the contract as follows:

F.2.1 Outside of the base of operation for consultant's staff stationed there.

F.2.2 Outside of the designated official station of duty for consultant's staff stationed there, except when staying at the base of operation. Per diems shall be applicable to a 24-hour day trip of at least 50 kilometers (km) away from the station, and, in the case of Metro Manila, at least 50 km from the last city in that region.

b. Based on Actual Costs

These are cost items which are payable based on actual invoices, receipts and/or other supporting papers, and include the following:

F.3 Domestic Travel - This covers the cost of economy class air transportation and/or land transportation by the most direct and expeditious routes of the consultant's staff for official trips authorized by the DPWH and/or explicitly required in the contract.

F.4 Domestic Transportation - This covers the provision of vehicles either through purchase or rental.

F.5 Communication - This includes telephone, mobile, two-way radio, internet, parcel, freight, courier, fax, and other means.

F.6 Office/engineering supplies and preparation/reproduction of drawings and other documents to be submitted.

F.7 Equipment rental and purchases whenever justifiable – These include purchase of desktop computers (for admin staff only), rental/purchases of equipment used for surveying and other engineering activities that shall be turned over to the DPWH upon completion of the contract. However, laptops (for key personnel or other technical staff), and basic software applications (Microsoft

Office, AutoCAD, Google Sketchup, STAAD Pro, ETABS, Primavera, etc.) shall not be included in the ABC as these are the basic necessities of consultants in their daily operations even without the project.

F.8 Other items deemed necessary for the project as certified by the DPWH.

G. Contingency

Payments with respect to items of additional work within the general scope of services that may turn out to be necessary as the study progresses or costs that would exceed the estimates set forth may be chargeable to the contingency amounts in the respective estimates. However, these payments can be done only if such costs are approved by the DPWH prior to their being incurred and provided that they shall be used only in line with the unit rates and costs specified in the contract and in strict compliance with the project needs.

The contingency amount must not exceed five percent (5%) of the amount of the contract excluding value added taxes.

H. Value Added Taxes (VAT)

VAT is set at twelve percent (12%) of the remuneration.

I. Proposed Total ABC

The sum of the Remuneration Costs (sum of the Basic Salary, Overhead, Social Charges, and Management Fee), Reimbursable Costs, Contingency, and VAT, in accordance with the above guidelines, comprises the base cost of the consulting services, as of the date when the estimate is done.

Since the contract cost is usually a fixed price, adequate provision must be made for the increase in cost due to inflation, projected from the date of the base cost estimate up to the estimated date of completion of the services, based on official price indices of the Philippine Statistics Authority (PSA).

The proposed total ABC is then the sum of (i) the base cost and (ii) the increase in cost due to inflation. This is subject to the approval of the HoPE.

The Procurement Service – Consulting Services Division (PrS-CSD) shall maintain a record of billing rates (remuneration and reimbursable costs) and continuously update them based on approved contracts nationwide.

This Order shall take effect immediately.


MARK A. VILLAR
Secretary

12.1.2 FJZD/JABS/MGNO/MVSG

APPROVED BUDGET FOR THE CONTRACT (ABC) OUTLINE

Summary of Cost

No.	Item	Cost
I	Remuneration Costs	
II	Reimbursable Costs	
III	Miscellaneous Expenses	
IV	Sub-total (I + II + III)	
V	VAT (12% of Remuneration)	
VI	Contingency (5% of IV)	
VII	Grand Total (IV + V + VI)	

If procured by the Central Office:

Prepared by:

Reviewed by:

*[Name of the Head of the Implementing
Unit (IU)]*
[Designation]

[Name]
Director, Bureau of Design

Recommending Approval:

Approved by:

[Name]
Assistant Secretary for Technical Services

[Name]
Undersecretary for Technical Services

If procured by the Regional Office:

Prepared by:

Recommending Approval:

[Name of the Head of the IU]
[Designation]

[Name]
Assistant Regional Director

Approved by:

[Name]
Regional Director

If procured by the District Engineering Office:

Prepared by:

Recommending Approval:

[Name of the Head of the IU]
[Designation]

[Name]
Assistant District Engineer

Approved by:

[Name]
District Engineer

Breakdown of Cost Estimates

I. Breakdown of Remuneration Costs

Positions	No. of Personnel	Man-Months	Billing Rate	Amount
Key Staff				
1.				
2.				
3.				
4.				
5.				
Sub-total				
Administrative and Support Staff				
1.				
2.				
3.				
4.				
5.				
Sub-total				
Total I				

II. Breakdown of Reimbursable Costs

A Based on Agreed Fixed Rates					
No.	Description	Unit	Quantity	Unit Price	Amount
1.	Housing Allowance				
2.	Per Diems				
Total II.A					

B Based on Actual Cost					
No.	Description	Unit	Quantity	Unit Price	Amount
1.	Domestic Travel				
2.	Domestic Transportation				
3.	Communication				
4.	Office Supplies				
5.	Office Rental				
6.	Equipment Rental/Purchase				
7.	Other items deemed necessary for the project				
Total II.B					

III. Miscellaneous Expenses

No.	Description	Unit	Quantity	Unit Price	Amount
1.	Activity Surveys / Investigations / Etc.				
2.	Meetings				
Total III					