



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE SECRETARY
MANILA

047-13-DPWH
06-14-2000

13 June 2000

DEPARTMENT ORDER) SUBJECT: Amendments to the IRR of P.D. No. 1594

No. 120)
Series of 2000 46/14/2000)
X-X-X-X-X-X-X-X-X-X-X-X-X-X-X-X

TO: Undersecretaries
Heads of Attached Agencies
Assistant Secretaries
Bureau Directors
Regional Directors
District and City Engineers
Project Managers
Others Concerned
This Department

Enclosed, for your guidance and compliance, is a copy of the Amendments to the Implementing Rules and Regulations (IRR) of P.D. No. 1594, which were approved by the Office of the President, as per the letter dated 24 May 2000 of Senior Deputy Executive Secretary Ramon B. Cardenas, and transmitted to the DPWH by Secretary of Socio-Economic Planning Felipe M. Medalla, as Chairman, NEDA Board Committee on Infrastructure, thru his letter dated 7 June 2000.

In accordance with Section V of the IRR, these amendments shall become effective on 17 June 2000 (ten (10) days from the date of issuance of the NEDA transmittal letter).


GREGORIO R. VIGILAR
Secretary



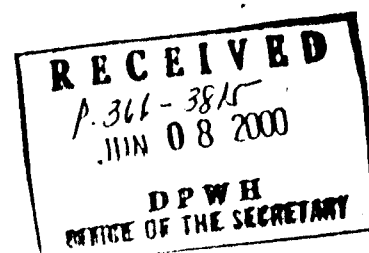
Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

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07 June 2000

Secretary GREGORIO R. VIGILAR
Department of Public Works and Highways
Rm. 202, DPWH Bldg., Bonifacio Drive
Port Area, Manila



Dear Secretary Vigilar,

We are providing your Office herewith, for information and guidance, a copy of the amendments to the Implementing Rules and Regulations (IRR) of Presidential Decree No. 1594 which were approved by the Office of the President as per letter dated 24 May 2000 of Senior Deputy Executive Secretary Ramon B. Cardenas (copy attached).

As per the IRR, these amendments shall become effective after ten (10) days from the date of dissemination/issuance of this letter. The amendments consist of capitalized words, phrases, sentences and paragraphs.

May we request for the circularization of the document to offices/agencies/organizations attached to your Office.

Very truly yours,

FELIPE M. MEDALLA
Secretary of Socio-Economic Planning
As Chairman, NEDA Board Committee
on Infrastructure (INFRACOM)

Office of the President
of the Philippines
Malacañang

170 # 120 S. 2000

MAY 24 2000

Hon. FELIPE M. MEDALLA
Director-General
National Economic and Development Authority
NEDA Sa Pasig, 12 Amber Avenue
Pasig City

Sir:

Please be informed that the following proposed amendments to the Implementing Rules and Regulations of Presidential Decree No. 1594, the major features of which are:

- ◆ Simultaneous submission of Pre-qualification Statements and Bid Price Proposals (Section IB 3)- The implementing agencies are now given the flexibility to choose the pre-qualification/bidding procedure (i.e., this new option or the traditional pre-qualification then bidding activities) they would like to adopt.
- ◆ Bid Securities (Section IB 10.1)- The schedule of amounts for alternative forms of bid securities along the same lines as that allowed for performance securities are provided in this amendment.
- ◆ Construction Safety and Health Program (Section IB 10.2)- The inclusion of this provision will ensure that the project will be delivered with proper regard to quality and safety.
- ◆ Correction of Arithmetical Errors (Section IB 10.3)- The proposed amendment describes the procedures to be taken for correction of arithmetical errors on estimates made by the bidders during the Evaluation of Bids.
- ◆ Methods for Costing Work Items under Additional/ Extra Works (Section CI 2)- This provision's main intent is to stipulate on how to cost work items under additional/extra works by providing specific methods for deriving them in every different condition.



- ◆ **Liquidated Damages (Section CI 8)-** The proposed new formula follows the concept of "foregone economic benefits or returns" from unproductive investments tied up in the delayed project (contract work). These foregone benefits are computed on the basis of the "Opportunity Cost of Capital" using the compounded interest formula.
- Incentive Bonus (Section CI 9)-** In parallel with the formula for liquidated damages, this new formula is based on the concept of "early economic benefits or returns" being derived from investments in the project because it is completed ahead of schedule. The early benefits are also computed based on the "Opportunity Cost of Capital"
- ◆ **Administrative Sanctions (Section V.3)-** The applicable laws and guidelines on sanctions against any government official/employee who is found to have violated any of the provisions of the IRR/P.D. are indicated, e.g., Republic Acts 3019 and 6713, and the Civil Service Law.

As the proposed amendment to the IRR that prescribes Policies, Guidelines, Rules and Regulations for Government Infrastructure Contracts will improve overall contract management procedures, the same is hereby approved.

Very truly yours,

By Authority of the President:



RAMON B. CARDENAS

Senior Deputy Executive Secretary



APPROVED AMENDMENTS TO THE IMPLEMENTING RULES
AND REGULATIONS OF PRESIDENTIAL DECREE NO. 1594

	Existing Provision	Approved Amendments	Rationale
1	<p>I. DETAILED ENGINEERING</p> <p>1. No bidding and/or award of contract for a construction project shall be made unless the detailed engineering investigations, surveys and designs for the project have been sufficiently carried out in accordance with the standards and specifications prescribed by the head of office/agency/ corporation concerned or his duly authorized representatives.</p>	<p>I. DETAILED ENGINEERING</p> <p>1. No bidding and/or award of contract for a construction project shall be made unless the detailed engineering investigations, surveys and designs for the project have been sufficiently carried out AND DULY APPROVED in accordance with the standards and specifications prescribed by the head of office/ agency/corporation concerned or his duly authorized representatives.</p>	<p>To be consistent with the wording of Section 2 of PD 1594.</p>
2	<p>3. A schedule of detailed engineering activities shall include the following:</p> <ul style="list-style-type: none"> a. Survey b. Site Investigation c. Foundation Investigation d. Soils and Materials Investigation e. Preparation of Design f. Preparation of Specifications ... m. Environmental Impact Statement for Major Project 	<p>3. A schedule of detailed engineering activities shall include the following:</p> <ul style="list-style-type: none"> a. Survey b. Site Investigation c. SOILS AND Foundation Investigation d. [Soils and] CONSTRUCTION Materials Investigation e. Preparation of Design PLANS f. Preparation of TECHNICAL Specifications ... m. Environmental Impact Statement for [Major] CRITICAL Project AS DEFINED BY THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES (DENR) <p><i>Insert a new provision as follows:</i></p> <ul style="list-style-type: none"> n. PREPARATION OF MINIMUM REQUIREMENTS FOR A CONSTRUCTION SAFETY AND HEALTH PROGRAM FOR THE PROJECT BEING CONSIDERED. 	<p>To be more specific.</p> <p>The DENR issues Environmental Clearance Certificate (ECC) on environmentally critical projects.</p> <p>To ensure safety in the implementation of construction projects.</p>
3	<p>4. Work under detailed engineering shall include but not necessarily be limited to the following:</p>	<p>4. Work under detailed engineering shall include but not necessarily be limited to the following:</p>	

PD # 1594 Sec 2

	Existing Provision	Approved Amendments	Rationale
	a. Design Standards - Design standards shall be in accordance with appropriate standards adopted by the office/agency/ corporation concerned.	a. Design Standards - Design standards shall be in accordance with appropriate standards AND ACCEPTED DETAILED ENGINEERING PRACTICE adopted by the office/ agency/corporation concerned.	To give design engineers appropriate flexibility in arriving at an optimum design.
4	b. Field Surveys - Necessary field surveys which may include aerial, hydrographic, topographic, sub-surface, monumenting and other surveys shall be carried out. All survey works shall be prepared in a manner satisfactory to carry out accurate design and production of plans.	b. Field Surveys AND INVESTIGATIONS - Necessary field surveys AND INVESTIGATIONS which may include aerial, hydrographic, topographic, HYDROLOGIC , sub-surface, monumenting and other surveys shall be carried out IN ACCORDANCE WITH THE DESIGN GUIDELINES, CRITERIA AND STANDARDS ADOPTED BY THE OFFICE/AGENCY/CORPORATION CONCERNED. All survey AND INVESTIGATION works shall be prepared in a manner satisfactory to carry out accurate design and production of plans.	To make the sub-title consistent with the enumerated types of surveys and investigations and to emphasize the basis of the survey and investigation works.
5	d. Quantities - All construction quantities shall be computed to a reasonable accuracy of plus and minus fifteen percent (15%) to avoid variation orders.	d. Quantities - All construction quantities shall be computed to a reasonable accuracy of plus and minus fifteen percent (15%). <i>[to avoid variation orders.]</i>	To be more realistic.
6	<i>Some wordings in the IRR are in calendar days while others are in working days.</i>	<i>Add as Section 1.4.k:</i> k. UNLESS OTHERWISE SPECIFICALLY STATED, ALL "DAYS" AS USED IN THIS IRR SHALL MEAN "CALENDAR DAYS."	For clarity.
7		<i>Insert as Section 1.5 under Detailed Engineering:</i> 5. THE ABOVE RULES AND REGULATIONS SHALL APPLY TO THE IMPLEMENTATION OF INFRASTRUCTURE PROJECTS UNDER NORMAL OR ORDINARY CONDITIONS. HOWEVER, UNDER SEVERE EMERGENCY OR EXTRAORDINARY CASES INVOLVING MAJOR CALAMITIES AND DISASTERS WHERE TIME IS OF THE ESSENCE TO SAVE LIVES AND PROPERTIES AND RESTORE DAMAGED	To define the application of the IRR under different project conditions and circumstances.

	Existing Provision	Approved Amendments	Rationale
		INFRASTRUCTURES, DETAILED ENGINEERING WORKS SHALL BE CONDUCTED IN ACCORDANCE WITH THE GUIDELINES AND PROCEDURES TO ENABLE QUICK RESPONSE TO SAID CASES, WHILE MAINTAINING THE SAFETY AND INTEGRITY OF THE STRUCTURE, AS PRESCRIBED BY THE HEAD OF OFFICE/AGENCY/CORPORATION CONCERNED.	
8	<p>IB 2 – ORGANIZATION OF THE PBAC</p> <p>1. Each office/agency/corporation shall have in its head office or in its implementing offices a Prequalification, Bid and Award Committee (PBAC) which shall be responsible for the conduct of Prequalification, bidding, evaluation of bids and recommending award of contract. Each committee shall be composed of the following:</p> <p>a. ...</p> <p>b. Executive Officer and Secretary (regular) – Legal Officer of the office/agency/corporation</p>	<p>IB 2 – ORGANIZATION OF THE PBAC</p> <p>1. Each office/agency/corporation shall have in its head office or in its implementing offices a Prequalification, Bid and Award Committee (PBAC) which shall be responsible for the conduct of Prequalification, bidding, evaluation of bids and recommending award of contract. Each committee shall be composed of the following:</p> <p>a. ...</p> <p>b. Executive Officer and Secretary (regular) – Legal Officer of the office/agency/corporation. THE ADMINISTRATIVE OFFICER OF THE AGENCY CONCERNED MAY BE THE EXECUTIVE OFFICER AND SECRETARY OF THE PBAC WHEN THE AGENCY DOES NOT HAVE A LEGAL OFFICER IN ITS PLANTILLA POSITIONS.</p>	<p>To give the Chief of Office/Agency/Corporation a choice when there is no incumbent Legal Officer.</p>
9	<p>(2) Associations of Certified Public Accountants or Civil Engineers duly recognized by the Professional Regulation Commission (PRC).</p> <p>Both representatives shall be non-voting members.</p>	<p>(2) PROJECT-RELATED PROFESSIONAL associations ACCREDITED OR <i>[of Certified Public Accountants or Civil Engineers]</i> duly recognized by the Professional Regulation Commission (PRC)/ SUPREME COURT (SC).</p> <p>Both representatives shall be non-voting members.</p>	<p>This is in recognition of other professionals for other project types aside from civil works.</p>
10		<p>Add New Section as IB 2-1.f:</p> <p>f. OBSERVER – THE COMMISSION ON AUDIT (COA) OF THE CONCERNED</p>	<p>For increased transparency during the bidding process.</p>

add. J w/ # 4 01

11		<p><i>Add as last paragraph of IB 2-1:</i></p> <p>"MEMBERS/OBSERVERS OF THE PBAC SHOULD RECEIVE THE NOTICE OF MEETING AT LEAST TWO CALENDAR DAYS BEFORE THE DATE OF MEETING."</p>	PBAC members/observers should be given enough lead-time to prepare for the meeting.
12	IB3 – INVITATION TO PREQUALIFY AND TO BID	<p>IB3 – INVITATION TO PREQUALIFY AND TO BID</p> <p>AS A GENERAL POLICY, THE SECRETARY/AGENCY HEAD (FOR THOSE NOT ATTACHED TO A DEPARTMENT)/GOVERNING BOARDS OF GOCCS SHALL HAVE THE OPTION AS TO THE PREQUALIFICATION/ BIDDING PROCEDURE (I.E., SIMULTANEOUS SUBMISSION OF PREQUALIFICATION STATEMENTS AND BID PRICE PROPOSALS OR TRADITIONAL PREQUALIFICATION THEN BIDDING ACTIVITIES) TO BE ADOPTED WHICH SHALL BE DISCLOSED IN THE ADVERTISEMENT.</p> <p>FOR THE SIMULTANEOUS SUBMISSION OF PREQUALIFICATION STATEMENTS AND BID PRICE PROPOSALS, THE PROCEDURE IS PRESCRIBED IN ANNEX A.</p>	
13	<p>IB3 – INVITATION TO PREQUALIFY AND TO BID</p> <p>1. For locally funded projects, contractors shall be invited to bid through:</p> <p>a. Advertisement for at least three (3) times within a reasonable period depending upon the size and complexity but in no case less than two (2) weeks in at least two (2) newspapers of general circulation which have been regularly published for at least two (2) years before the date of issuance of the notices or announcements and at the same time posting copies thereof at any conspicuous place in the</p>	<p>IB3 – INVITATION TO PREQUALIFY AND TO BID</p> <p>1. For locally funded projects, contractors shall be invited TO PREQUALIFY AND to bid through:</p> <p>a. THE advertisement SHALL BE MADE <i>[for]</i> at least three (3) times within a reasonable period depending upon the size and complexity OF THE PROJECT but in no case less than two (2) weeks in at least two (2) newspapers of general NATIONWIDE circulation which have been regularly published for at least two (2) years before the date of <i>[issuance]</i> ISSUE of the <i>[notices or announcements]</i> ADVERTISEMENT and</p>	

Existing Provision	Approved Amendments	Rationale
<p>office/agency/corporation concerned if the project cost is more than P1,000,000. However, for projects costing P1,000,000 and below or for projects authorized to be bid by the regional/district offices involving costs as may be delegated by the head of office/agency/corporation, the invitation to bid shall be advertised at least once within a week in a newspaper of local circulation which has been regularly published for at least six (6) months before the date of issuance of the notices or announcement within the region where the project is situated, or through posting of notices in the premises of municipal/provincial offices, or through other forms of media such as radio and television, provided that based on the agency's shortlist of contractors or referral with the Philippine Contractors Accreditation Board, there are at least four contractors indigenous to the region duly classified and registered to undertake such projects.</p>	<p>at the same time posting copies thereof at any conspicuous place in the office/agency/corporation concerned if the project cost is more than [P1,000,000.] P5,000,000. However, for projects costing [P1,000,000] P5,000,000 and below or for projects authorized to be bid by the regional/district offices involving costs as may be delegated by the head of office/agency/corporation, the invitation to bid shall be advertised at least [once within a week] TWO (2) TIMES WITHIN TWO (2) WEEKS in a newspaper of GENERAL local circulation IN THE REGION WHERE THE PROJECT IS LOCATED, which NEWSPAPER has been regularly published for at least six (6) months before the date of [issuance] ISSUE of the [notices or announcements] ADVERTISEMENT [within the region where the project is situated], or through posting of notices in the premises of municipal/provincial offices, or through other forms of media such as radio and television, provided that based on the agency's shortlist of contractors or referral with the Philippine Contractors Accreditation Board, there are at least four contractors indigenous to the region duly classified and registered to undertake such projects. THE ADVERTISEMENT MAY LIKEWISE BE MADE IN A NEWSPAPER OF GENERAL NATIONWIDE CIRCULATION AS DEFINED IN THE FOREGOING WHEN THERE IS EVIDENT LACK OF INTEREST TO PARTICIPATE AMONG THE REGION-BASED CONTRACTORS.</p>	<p>The P1 M limit, which was set in 1987, is now too low considering the inflation since then. P5 M is deemed more realistic.</p>
<p>14 IB4 - ISSUANCE OF QUALIFICATION STATEMENTS/ FORMS</p> <p>5. The following papers shall, among others, comprise Pre-C:</p> <p>a. Credit line issued by an authorized bank in an amount equal to the average operating expenses of the project for two (2) months or ten percent (10%) of the total project cost, whichever is less.</p>	<p>IB4 - ISSUANCE OF QUALIFICATION STATEMENTS/ FORMS</p> <p>5. The following papers shall, among others, comprise Pre-C:</p> <p>a. Credit line - COMMITMENT IN A FORM TO BE PRESCRIBED BY THE AGENCY issued by an authorized bank in an amount equal to the average operating expenses of the project for two (2) months or ten percent (10%) of the [total] ESTIMATED project</p>	<p>To correct the omission made and to be consistent with Sec. IB 4-1c.</p>

Do # 120 S. 2020

	Existing Provision	Approved Amendments	Rationale
		cost, whichever is less, OR A CASH DEPOSIT CERTIFICATE IN THE AMOUNT SPECIFIED IN THE FOREGOING.	
15	b. Proposed organization chart for the project.	b. Proposed organization chart PLEDGED for the SPECIFIC project TO BE BID.	For clarity
16	c. List of key personnel employed or to be employed in the project with complete qualification and experience data sheet.	c. List of key personnel employed or to be employed in the project, INCLUDING PROJECT MANAGER AND PROJECT ENGINEER with qualification and experience sheets.	To identify specific personnel pledged for the project to be bid.
17	d. Statement of all relevant completed construction projects in the last three years, construction projects in the last three years, government and private. The statement shall include the nature and value of the project, original and actual project schedule, the location of the project, and the name and address of the owner. It shall be supported by certificates of completion and/or owner's acceptance.	d. Statement of all relevant completed construction projects in AT LEAST the last three years, government and private, AS INDICATED IN THE INVITATION FOR PREQUALIFICATION. The statement shall include the nature and value of the project, original and actual project schedules, the location of the project, and the name and address of the owner. It shall be supported by THE CONSTRUCTORS PERFORMANCE EVALUATION SYSTEM (CPES) RATING SHEETS AND/OR certificates of completion and/or owner's acceptance.	The CPES Rating Sheet serves as the best reference in the evaluation of the quality of all relevant completed projects undertaken in the government because it provides quantitative and qualitative descriptions of a contractor's performance. Further, the existing fixed period of experience could not account for very large projects that the government rarely builds (e.g., dam).
18	e. Detailed statement showing a list of all on-going construction projects, government and private, as well as awarded and/or approved contracts not yet started. This statement shall include the nature and value of the project, percentage of time elapsed, percentage of physical accomplishment, scheduled date of completion, the location of the project and the name and address of the owner. It shall be supported by certificates of completion and/or owner's acceptance, notices of award, and/or notices to proceed issued by the owner.	e. Detailed statement showing a list of all on-going construction projects, government and private, as well as awarded and/or approved contracts not yet started. This statement shall include the nature and value of the project, percentage of time elapsed, percentage of physical accomplishment, scheduled date of completion, PERCENTAGE OF PLANNED AND ACTUAL ACCOMPLISHMENT, the location of the project and the name and address of the owner. It shall be supported by [Certificates of Completion and/or owners' acceptance,] Notices of Awards, and/or Notices to Proceed issued by the owner. AMONG OTHERS.	To be consistent with the first sentence of the concerned Section.

Do # 1205.2007

	Existing Provision	Approved Amendments	Rationale
19	6. Each office/agency/corporation shall use the standard Pre-C application form to contain the aforementioned requirements.	<i>Delete the entire clause.</i>	There is no standard format devised to date.
20	<p>IB 5 – CLASSIFICATION AND REGISTRATION OF CONTRACTORS</p> <p>1. The inter-agency committee composed of Representatives from the Department of Public Works and Highways, Department of Transportation and Communications, the Office of the President of the Philippines in the absence of a Department of Energy and the Construction Industry Authority of the Philippines (CIAP) which classified and registered, or predisqualified Contractors based on their submitted confidential application for registration and classification functions, resources and manpower will be transferred to CIAP through PCAB. The inter-agency committee shall still exist for three months from the date of approval of the proposed amendments by the Office of the President to effect the smooth transfer of the system.</p>	<p>IB 5 – CLASSIFICATION AND REGISTRATION OF CONTRACTORS</p> <p><i>Delete the existing clause and replace with the following:</i></p> <p>1. THE PHILIPPINE CONTRACTORS ACCREDITATION BOARD (PCAB) SHALL REGISTER AND CLASSIFY CONTRACTORS BASED ON THE PCAB GUIDELINES FOR REGISTRATION AND CLASSIFICATION OF CONTRACTORS.</p>	The Inter-Agency Committee has ceased to exist and its functions subsumed by PCAB. Also, to clarify the existing procedure for classification and registration.
21	<p>IB 6 – PREQUALIFICATION OF CONTRACTORS FOR SPECIFIC CONTRACTS</p> <p>3. In the evaluation of the Pre-C statement, the PBAC shall review, among other things, the technical capability of the contractor to carry out the subject contract as gauged by the extent and quality of his relevant experience extent and quality of his relevant experience and performance and track record, the suitability of his available relevant construction equipment, and the adequacy of his proposed project organization and personnel. Up-to-date information on these aspects shall be considered.</p>	<p>IB 6 – PREQUALIFICATION OF CONTRACTORS FOR SPECIFIC CONTRACTS</p> <p>3. In the evaluation of the Pre-C statement, the PBAC shall review, among other things, the technical capability of the contractor to carry out the subject contract as gauged by the extent and quality of his relevant experience and performance and track record, the suitability of his relevant construction equipment AND MINIMUM TESTING EQUIPMENT, and the adequacy of his proposed project organization and personnel. THE CPES RATING OR ITS EQUIVALENT FOR EACH RELEVANT PROJECT SHALL BE USED AS BASIS IN EVALUATING THE QUALITY OF RELEVANT EXPERIENCE AND PERFORMANCE AND TRACK RECORD OF THE CONTRACTOR. Up-to-date information on these aspects shall be considered.</p>	<p>To help ensure the quality of construction.</p> <p>The CPES rating serves as the best reference in the evaluation of the quality of relevant experience of contractor.</p>

for # 170 5.10M

	Existing Provision	Approved Amendments	Rationale				
22	<p>4. To determine the financial capacity of the contractor, the PBAC shall require the contractor to submit a statement from a bank or a financing institution authorized/licensed by the Central Bank of the Philippines that the bank/financing institution commits to provide the contractor, if awarded the contract, a credit line in an amount specified by the agency which is equal to the average operating expenses of the project for two (2) months or ten percent (10%) of the approximate total project cost, whichever is less, or a cash deposit certificate in the amount specified in the foregoing. Cash deposit certificate shall be released only when the cost of the remaining works is 10% of the total project cost or when the contract time remaining is less than two months before completion as certified by the implementing agency through the issuance of a statement of work accomplished.</p>	<p>4. To determine the financial capacity of the contractor, the PBAC shall <i>[require]</i> DETERMINE IF the contractor <i>[to submit a]</i> HAS SUBMITTED THE REQUIRED statement from a bank or a financing institution authorized/licensed by the Central Bank of the Philippines that the bank/financing institution commits to provide the contractor, if awarded the contract, a credit line in an amount specified by the agency which is equal to the average operating expenses of the project for two (2) months or ten percent (10%) of the <i>[approximate total]</i> ESTIMATED project cost, whichever is less, or a cash deposit certificate in the amount specified in the foregoing. CASH DEPOSIT PLEDGED FOR A PARTICULAR PROJECT CANNOT BE WITHDRAWN DURING CONTRACT EFFECTIVITY WITHOUT PRIOR AUTHORIZATION FROM THE CONCERNED AGENCY. Cash deposit certificate shall be released only when the cost of the remaining works is 10% of the total project cost or when the contract time remaining is less than two months before completion as certified by the implementing agency through the issuance of a statement of work accomplished.</p>	<p>Cash deposit can be withdrawn anytime without the authorization/ knowledge of the tendering agency.</p>				
23	<p>IB 7 - ISSUANCE OF PLANS, SPECIFICATIONS PROPOSAL BOOK FORM(S) AND DRAFT CONTRACT</p> <p>1. The PBAC (or the Prequalification Committee, as the case may be), shall issue the plans, specifications, proposal book form(s) for the project to be bid to contractor-applicants prequalified under Pre-C prequalification under the relevant classification, upon payment of the corresponding price thereof to the collecting/disbursing officer of the office/agency/corporation concerned in accordance with the following schedule:</p> <table><tr><td>Estimated Project Cost (in Pesos)</td><td>Issuance of Plans, Specifications, Proposal Book, Form(s) and Draft Contracts</td></tr></table>	Estimated Project Cost (in Pesos)	Issuance of Plans, Specifications, Proposal Book, Form(s) and Draft Contracts	<p>IB 7 - ISSUANCE OF PLANS, SPECIFICATIONS PROPOSAL BOOK FORM(S) AND DRAFT CONTRACT</p> <p>1. The PBAC (or the Prequalification Committee, as the case may be), shall issue-the plans, specifications, proposal book form(s) for the project to be bid to contractor-applicants prequalified under Pre-C prequalification under the relevant classification, upon payment of the corresponding price thereof to the collecting/disbursing officer of the office/agency/corporation concerned in accordance with the following schedule:</p> <table><tr><td>Estimated Project Cost (in Pesos)</td><td>Issuance of Plans, Specifications, Proposal Book, Form(s) and Draft Contracts</td></tr></table>	Estimated Project Cost (in Pesos)	Issuance of Plans, Specifications, Proposal Book, Form(s) and Draft Contracts	
Estimated Project Cost (in Pesos)	Issuance of Plans, Specifications, Proposal Book, Form(s) and Draft Contracts						
Estimated Project Cost (in Pesos)	Issuance of Plans, Specifications, Proposal Book, Form(s) and Draft Contracts						

Do # 120 5.27N

Existing Provision		Approved Amendments		Rationale
a. Up to one (1) million	15 days before the date of bidding	a. Up to [one (1)] FIVE (5) million	15 days before the date of bidding	The cost limits were set in 1982. Because of the increase in prices since then, plus the advent of advanced technology, e.g., computerized analyses, which facilitate the preparation of bids, the new cost limits as indicated are more appropriate.
b. Above one (1) million up to five (5) million	30 days before the date of bidding	b. Above [one (1)] FIVE (5) million up to [five (5)] TWENTY-FIVE (25) million	30 days before the date of bidding	
c. Above five (5) million up to ten (10) million	45 days before the date of bidding	c. Above [five (5)] TWENTY-FIVE (25) million up to [ten (10)] FIFTY (50) million	45 days before the date of bidding	
d. Above ten (10) million up to one hundred (100) million	60 days before the date of bidding	d. Above [ten (10)] FIFTY (50) million up to ONE HUNDRED (100) million	60 days before the date of bidding	
e. Above one hundred (100) million	90 days before the date of bidding	e. Above ONE HUNDRED (100) million	90 days before the date of bidding	
24	IB 10.1 – PREPARATION OF BIDS, BID BONDS, AND PREQUALIFICATION STATEMENT		IB 10.1 – PREPARATION OF BIDS, BID BONDS, AND PREQUALIFICATION STATEMENT	
2. The original copy of the bid shall be accompanied by a bid security in an amount not less than two-and-one-half percent (2-1/2%) of the total bid price in the form of cash, certified check, manager's check, or bank draft/guarantee confirmed by a local bank (in the case of foreign contractor bonded by a foreign bank) against any reputable bank or letter of credit issued by a commercial bank or surety bond, callable on demand, issued by a surety or insurance company duly accredited by the Office of the Insurance Commission or any combination thereof as may be required by the Head of office/ agency/corporation concerned payable to the office/agency/ corporation as guarantee that the successful bidder shall within thirty (30) calendar days or less at the discretion of the Head of office/agency/corporation concerned, from receipt of Notice of Award, enter into contract with the Government and furnish the performance security for the faithful and complete prosecution of the work specified in the contract documents. Bids and bid securities shall be valid for a reasonable period to be determined by the Head of office/agency/corporation concerned as indicated in the		2. The original copy of the bid shall be accompanied by a bid security in an amount [not less than two-and-one-half percent (2-1/2%) of the total bid price] EQUIVALENT TO A PERCENTAGE, IN ACCORDANCE WITH THE SCHEDULE GIVEN BELOW, OF THE TOTAL PROJECT COST, AS PUBLISHED/ADVERTISED BY THE CONCERNED AGENCY, in the form of cash, certified check, manager's check, or bank draft/guarantee confirmed by a local bank (in the case of foreign contractor bonded by a foreign bank) against any reputable bank or letter of credit issued by a commercial bank or surety bond, callable on demand, issued by a surety or insurance company duly accredited by the Office of the Insurance Commission or any combination thereof, as may be required by the Head of office/agency/corporation concerned payable to the office/agency /corporation as guarantee that the successful bidder shall within thirty (30) calendar days or less at the discretion of the Head of office/agency/corporation concerned, from receipt of Notice of Award, enter into contract with the Government and furnish the performance security for the faithful and		

17 # 120 (200)

Existing Provision -	Approved Amendments	Rationale
<p>Instruction to Bidders but in no case later than one hundred twenty (120) calendar days following the opening of the bids.</p>	<p>complete prosecution of the work specified in the contract documents. THE SCHEDULE OF AMOUNTS FOR THE BID SECURITIES ARE AS FOLLOWS:</p> <ul style="list-style-type: none"> a. CASH, MANAGER'S CHECK, CASHIER'S CHECK, IRREVOCABLE LETTER OF CREDIT, OR BANK DRAFT - ONE PERCENT (1%) OF THE TOTAL PROJECT COST, AS PUBLISHED/ADVERTISED BY THE CONCERNED AGENCY b. BANK GUARANTEE - ONE AND A HALF PERCENT (1 ½ %) OF THE TOTAL PROJECT COST, AS PUBLISHED/ADVERTISED BY THE CONCERNED AGENCY c. SURETY BOND - TWO AND A HALF PERCENT (2 ½ %) OF THE TOTAL PROJECT COST, AS PUBLISHED/ADVERTISED BY THE CONCERNED AGENCY <p>Bids and bid securities shall be valid for a reasonable period to be determined by the Head of office/agency/corporation concerned as indicated in the Instruction to Bidders but in no case later than one hundred twenty (120) calendar days following the opening of the bids.</p>	<p>To allow for posting alternative forms of bid securities along the same lines as that allowed for performance securities.</p>
	<p>IB 10.2 - SUBMISSION, OPENING AND ABSTRACT OF BIDS/TENDERS</p> <p><i>Add a new provision to IB 10.2-2 as follows:</i></p> <ul style="list-style-type: none"> J. CONSTRUCTION SAFETY AND HEALTH PROGRAM BY THE CONTRACTOR BASED ON SECTION IB1.3.G HEREOF AS REQUIRED BY THE DEPARTMENT OF LABOR AND EMPLOYMENT'S (DOLE) OCCUPATIONAL 	<p>To ensure that the project will be delivered with proper regard to quality and safety.</p>

DO #120 5 Jan

Existing Provision	Approved Amendments	Rationale
	SAFETY AND HEALTH STANDARDS.	
<p>26 IB 10.2 – SUBMISSION, OPENING AND ABSTRACT OF BIDS/TENDERS</p> <p>3. The second envelope shall contain the following information/ documents:</p> <p>a. ...</p> <p>b. Detailed estimates</p>	<p>IB 10.2 – SUBMISSION, OPENING AND ABSTRACT OF BIDS/TENDERS</p> <p>3. The second envelope shall contain the following information/ documents:</p> <p>a. ...</p> <p>b. Detailed estimates INCLUDING A SUMMARY SHEET INDICATING THE UNIT PRICES OF CONSTRUCTION MATERIALS, LABOR RATES AND EQUIPMENT RENTALS USED IN COMING UP WITH THE BID</p>	<p>For cross-checking purposes and as future reference in pricing extra works.</p>
<p>27 4. Bids shall be received on or before the designated time and date to be eligible for consideration. Bids may be withdrawn only in writing 5 working days from the deadline of submission of bids.</p>	<p>4. Bids shall be received on or before the designated time and date to be eligible for consideration. Bids may be withdrawn only in writing five (5) working days [from] BEFORE the deadline of submission of bids.</p>	<p>For clarity.</p>
<p>28</p>	<p>IB 10.3 – EVALUATION OF BIDS</p> <p><i>Add the following new provision to IB 10.3 as IB 10.3-2 and renumber the succeeding sub-sections accordingly:</i></p> <p>2. THE PBAC SHALL EXAMINE THE BIDS TO DETERMINE WHETHER THEY ARE GENERALLY IN ORDER. ARITHMETICAL ERRORS WILL BE RECTIFIED ON THE FOLLOWING BASIS:</p> <p>A) IF THERE IS A DISCREPANCY BETWEEN THE UNIT BID PRICE AND THE EXTENDED TOTAL COST THAT IS OBTAINED BY MULTIPLYING THE UNIT BID PRICE WITH THE CORRESPONDING QUANTITY, THE UNIT BID PRICE SHALL PREVAIL AND THE EXTENDED TOTAL COST WILL BE CORRECTED ACCORDINGLY.</p> <p>B) IF THERE IS A DISCREPANCY BETWEEN</p>	<p>For clarity. Describes the procedures to be taken for arithmetical corrections on estimates made by the bidders.</p>

120 # 120.5.2004

	Existing Provision	Approved Amendments	Rationale
		<p>THE TOTAL BID AMOUNT AND THE SUM OF TOTAL COSTS AFTER RECTIFICATION OF THE TOTAL COST IN ACCORDANCE WITH PARAGRAPH (A) ABOVE, THE SUM OF THE TOTAL COSTS SHALL PREVAIL AND THE TOTAL BID AMOUNT WILL BE CORRECTED.</p> <p>C) IF THERE IS A DISCREPANCY BETWEEN THE AMOUNT WRITTEN IN WORDS AND ITS EQUIVALENT AMOUNT IN FIGURES, THE AMOUNT WRITTEN IN WORDS SHALL PREVAIL.</p>	
29	<p>IB10.4.1</p> <p>13. In the execution of the performance security, the following conditions shall be complied with:</p> <p>a. It shall be executed in accordance with the form prescribed therefor.</p>	<p>IB10.4.1</p> <p>13. In the execution of the performance security, the following conditions shall be complied with:</p> <p>a. It shall be executed in accordance with the form-AS prescribed [therefor] BY THE OFFICE/AGENCY/CORPORATION CONCERNED IN THE INSTRUCTION TO BIDDERS/ TENDER DOCUMENTS.</p>	<p>To give the agency concerned flexibility in protecting the best interest of government in line with relevant proposed amendment above.</p>
30	<p>IB 10.4.2-5 Simplified Public Bidding</p>	<p><i>Delete Section IB 10.4.2-5 (Simplified Public Bidding)</i></p>	<p>It is deemed that the present rules and regulations governing regular open competitive bidding are adequate, aside from the fact that the CPIP is no longer existent. Further, the contractors' masterlist has not been prepared.</p>
31	<p>IB 10.5 ADMINISTRATIVE SANCTIONS</p>	<p><i>Transfer the entire Section IB 10.5 (Administrative Sanctions) into the New Section V – ADMINISTRATIVE SANCTIONS</i></p>	<p>For better presentation.</p>

	Existing Provision	Approved Amendments	Rationale
32	<p>IB 10.7 – DOCUMENTS COMPRISING THE CONTRACT</p> <p>1. The following documents shall form part of the contract:</p> <p>a. to g. ...</p> <p>h. Bid Form including the following Annexes:</p> <p>(1) Authority of the Signing Official</p> <p>(2) Bid Prices in the Bill of Quantities</p> <p>(3) Detailed Estimates</p> <p>(4) to (10) ...</p>	<p>IB 10.7 – DOCUMENTS COMPRISING THE CONTRACT</p> <p>1. The following documents shall form part of the contract:</p> <p>a. to g. ...</p> <p>h. Bid Form including the following Annexes:</p> <p>(1) ...</p> <p>(2) ...</p> <p>(3) Detailed Estimates INCLUDING A SUMMARY SHEET INDICATING THE UNIT PRICES OF CONSTRUCTION MATERIALS, LABOR RATES AND EQUIPMENT RENTALS USED IN COMING UP WITH THE BID</p>	<p>For cross-checking purposes and as future reference in pricing extra works.</p>
33		<p>Add a new provision to IB 10.7-1.h as follows:</p> <p>(11) CONSTRUCTION SAFETY AND HEALTH PROGRAM</p>	<p>To help ensure the enforcement of safety procedures in the implementation of construction projects.</p>
34	<p>IB 10.10 – ISSUANCE OF NOTICE TO PROCEED</p> <p>1. The concerned government office/ agency/corporation should issue the Notice to Proceed (NTP) to the successful bidder normally not later than fifteen (15) calendar days from the date of approval of the contract by the concerned/ authorized government official.</p>	<p>IB 10.10 – ISSUANCE OF NOTICE TO PROCEED</p> <p>1. The concerned government office/agency/ corporation should issue the Notice to Proceed (NTP) to the successful bidder [normally] not later than fifteen (15) calendar days from the date of approval of the contract by the concerned/authorized government official. THE EFFECTIVITY DATE FOR THE NTP SHALL BE SPECIFIED BY THE AGENCY CONCERNED.</p>	<p>To clarify the effectivity date of the NTP.</p>
35	<p>CI 1 – VARIATION ORDERS-CHANGE ORDERS/ EXTRA WORK ORDER/ SUPPLEMENTAL AGREE-MENT</p> <p>1. The increase/decrease in quantities or reclassification of items is usually due to change of plans, design or realignment to suit actual field conditions, or as a result of great disparity between the preconstruction plans used for purposes of bidding and the “as-staked plans” or construction drawings prepared after a joint survey by the contractor and the government after award of the contract.</p>	<p>CI 1 – VARIATION ORDERS-CHANGE ORDERS/ EXTRA WORK/ORDER/ SUPPLEMENTAL AGREEMENT</p> <p>1. VARIATION ORDERS MAY BE ISSUED BY THE CONCERNED AGENCY/OFFICE/CORPORATION TO COVER ANY [The] increase/decrease in quantities, INCLUDING THE INTRODUCTION OF NEW WORK ITEMS THAT ARE NOT INCLUDED IN THE ORIGINAL CONTRACT or reclassification of WORK items [is usually] THAT ARE EITHER DUE TO</p>	<p>For clarity, emphasis and better presentation. As the overriding condition, variation orders should be issued only when changes in the workscope are found necessary to suit actual field conditions. As provided for</p>

Do # 12052011

Existing Provision	Approved Amendments	Rationale
	<p>change of plans, design or realignment to suit actual field conditions], <i>or as a result of</i> RESULTING IN [great] disparity between the preconstruction plans used for purposes of bidding and the "as staked plans" or construction drawings prepared after a joint survey by the contractor and the government after award of the contract. THE ADDITION/DELETION OF WORKS SHOULD BE WITHIN THE GENERAL SCOPE OF THE PROJECT AS BID AND AWARDED. A VARIATION ORDER MAY EITHER BE IN THE FORM OF A CHANGE ORDER, EXTRA WORK ORDER OR A SUPPLEMENTAL AGREEMENT.</p>	<p>the existing IRR, this is to recognize the fact that some important physical properties of the project site have been overlooked or given shallow emphasis during the feasibility study and the detailed engineering stages of project preparation. Disparity between the preconstruction plans and the "as-staked" plans is a mere consequence of the necessary changes in the original workscope to suit actual conditions in the project site, and hence, could not be a valid reason for variation orders. The proposed amendment is geared to encourage well-thought preparation of projects.</p>
<p>36 2. A Change Order may be issued by the implementing official after the same has been approved by the appropriate official ... under the following conditions:</p>	<p>2. A Change Order may be issued by the implementing official TO COVER ANY INCREASE/DECREASE IN QUANTITIES OF ORIGINAL WORK ITEMS IN THE CONTRACT AFTER THE SAME HAS BEEN FOUND TO STRICTLY COMPLY WITH SECTION CI 1-1 AND approved by the appropriate official...under the following conditions:</p>	<p>To clarify the coverage of change orders and emphasize that the overriding condition should first be satisfied before the specific conditions for Change Order could be considered.</p>
<p>37 a. Where the aggregate cost of Change Order(s) is limited to <u>25%</u> of the original contract cost excluding the effects of price escalation and provided that no major pay item shall be increased by more than 100% of its original cost. Change Orders exceeding 25% of the original contract price may be covered by a Supplemental Agreement. In case of a repeat order, the Change Order should not exceed 100% of the escalated original contract price and the same shall be covered by a Supplemental Agreement. All Change Orders beyond 100% of the escalated original contract cost shall be subject to public bidding except where</p>	<p>a. Where the aggregate cost of Change Order(s) is limited to 25% of the ESCALATED original contract cost <i>[excluding the effects of price escalation and]</i> provided that no major pay item shall be increased by more than 100% of its original cost. <i>[Change Orders exceeding 25% of the original contract price may be covered by a Supplemental Agreement. In case of a repeat order, the Change Order should not exceed 100% of the escalated original contract price and the same shall be covered by a Supplemental Agreement. All Change Orders beyond 100% of the escalated original contract cost shall be subject to public bidding</i></p>	<p>The 2nd and 3rd sentences are deleted and the 4th sentence is transferred to CI 1-7 with minor revisions for better presentation and grouping of provisions. In the 2nd sentence, 25% of the original contract price is used while the existing CI 1-7 uses 25% of the escalated original contract price. To eliminate the inconsistency, the escalated original contract price will be the</p>

	Existing Provision	Approved Amendments	Rationale
	inseparable from the original scope of the project in which case negotiation with the incumbent contractor may be allowed, subject to approval by the appropriate authorities. All Change Orders shall be subject to price adjustment in accordance with duly approved guidelines.	<i>except where inseparable from the original scope of the project in which case negotiation with the incumbent contractor may be allowed, subject to approval by the appropriate authorities.] All Change Orders shall be subject to price adjustment in accordance with duly approved guidelines.</i>	basis in entering a supplemental agreement since it is more extensively used in the IRR.
38	b. Where there is a decrease in work due to deletion of work items or sections of the project.	b. When there is a decrease OR INCREASE in ORIGINAL work ITEMS UNDER THE CONTRACT due to NECESSARY deletion/ADDITION of work items or sections of the project.	To cover any additional quantities of original work items.
39	c. Where there is a reclassification of an existing item, like earth excavation to slid rock excavation, due to latent conditions which were not known at the time of bidding.	c. <i>Delete the existing provision and renumber succeeding provision accordingly.</i>	For clarity. Reclassification of work items results in the deletion of the existing items in favor of new ones. While the deletion of existing work items is covered by change order under Section CI 1-2.b above, the introduction of new work items are more appropriately covered by Extra Work Orders under Section CI 1-4.a.
40	4. An Extra Work Order may be issued by the implementing official after the same has been approved by the appropriate official ...under the following conditions:	4. An Extra Work Order may be issued by the implementing official TO COVER THE INTRODUCTION OF NEW WORK ITEMS after the same has been FOUND TO STRICTLY COMPLY WITH SECTION CI 1-1 AND approved by the appropriate official...under the following conditions:	To clarify the coverage of extra work orders and to emphasize that the overriding condition should first be satisfied before the specific conditions for Extra Work Order could be considered.
41	a. ... b. Where there are subsurface or latent physical conditions at the site differing materially from those indicated in the contract beyond the limit of the Change Order.	a. ... b. <i>Delete the phrase "beyond the limit of the Change Order"</i>	For consistency with the proposed deletion of Section CI 1-2.c above.

No # 172 S. 2017

	Existing Provision	Approved Amendments	Rationale
42	c. Where there are unknown physical conditions at the site of an unusual nature differing materially beyond the limits of Change Order from those ordinarily encountered and generally recognized as inherent in the work or character provided for in the contract.	c. <i>Delete the phrase "beyond the limits of Change Order"</i>	For consistency with the proposed deletion of Section CI 1-2.c above.
43	5. As an absolute rule, Change Orders or Extra Work Orders should be issued only for additional/deletion of works necessary for the completion of the project and, therefore, should be within the limits stated above and the general scope of the project as bid and awarded.	<i>Delete and renumber succeeding provisions</i>	The intent of this section is already captured in Section CI 1-1 as proposed.
44	7. A separate Supplemental Agreement may be entered into for all Change Orders and Extra Work Orders if the aggregate amount exceeds 25% of the escalated original contract price. A Supplemental Agreement may likewise be entered into for works immediately beyond the project limits but are immediately abutting the project under the same terms and conditions as the original contract provided it does not exceed 100% of the escalated original contract price less mobilization and provided further that funds are certified as available and subject to approval of appropriate authority.	7. A separate Supplemental Agreement may be entered into for all Change Orders and Extra Work Orders if the aggregate amount exceeds 25% of the escalated original contract price. <i>[A Supplemental Agreement may likewise be entered into for works immediately beyond the project limits but are immediately abutting the project under the same terms and conditions as the original contract provided it does not exceed 100% of the escalated original contract price less mobilization and provided further that funds are certified as available and subject to approval of appropriate authority.] ALL CHANGE ORDERS/ EXTRA WORK ORDERS BEYOND 100% OF THE ESCALATED ORIGINAL CONTRACT COST SHALL BE SUBJECT TO PUBLIC BIDDING EXCEPT WHERE THE WORKS INVOLVED ARE INSEPARABLE FROM THE ORIGINAL SCOPE OF THE PROJECT IN WHICH CASE NEGOTIATION WITH THE INCUMBENT CONTRACTOR MAY BE ALLOWED, SUBJECT TO APPROVAL BY THE APPROPRIATE AUTHORITIES.</i>	Transferred from Section CII-2.a including clarificatory insertions. Since Change Orders beyond 100% of the escalated original contract price are subject to public bidding (with exceptions) under the IRR, there is more reason to subject Extra Work Orders beyond 100% of the escalated contract amount as they involve new work items which have not been contemplated at the time of bidding.
45	8. Any Variation Order (Change Order or Extra Work Order) shall be subject to the escalation formula used to adjust the original contract price less the cost of mobilization. In claiming for any Variation Order, the contractor shall, within seven (7) calendar days after such work has been commenced or after the circumstances leading to such conditions(s) leading to the extra cost, and within 28 calendar days deliver a written communication giving full	8. Any Variation Order (Change Order, <i>[or]</i> Extra Work Order OR SUPPLEMENTAL AGREEMENT) shall be subject to the escalation formula used to adjust the original contract price less the cost of mobilization. In claiming for any Variation Order, the contractor shall, within seven (7) calendar days after such work has been commenced or after the circumstances leading to such conditions(s) leading to the extra cost, and within 28	To emphasize that Supplemental Agreements are also entitled to price escalation. Further, there is only one written notice required of the contractor, hence, the correction.

bo # no 5.2020

	Existing Provision	Approved Amendments	Rationale
	and detailed particulars of any extra cost in order that they may be investigated at that time. Failure to provide either of such notices in the time stipulated shall constitute a waiver by the contractor for any claim. The preparation and submission of Change Orders, Extra Work Orders or Supplemental Agreement are as follows:	calendar days deliver a written communication giving full and detailed particulars of any extra cost in order that they may be investigated at that time. Failure to provide [either of] such notice[s] in the time stipulated shall constitute a waiver by the contractor for any claim. The preparation and submission of Change Orders, Extra Work Orders or Supplemental Agreement are as follows:	
46		<p><i>Insert a new Section CI 1-7.e as follows:</i></p> <p>e. THE TIMEFRAME FOR THE PROCESSING OF VARIATION ORDERS FROM THE PREPARATION UP TO THE APPROVAL BY THE IMPLEMENTING AGENCY CONCERNED SHALL NOT EXCEED THIRTY (30) CALENDAR DAYS.</p>	To stipulate the timeframe for the processing of variation orders by agencies concerned.
47	<p>CI 2-EXTRA WORK COSTING</p> <p>1. The Government may, at any time by written order and without notice to the Sureties, direct the contractor to perform extra work necessary to and within the General Scope of the Contract. The contractor shall promptly proceed with the extra work involving an increase of less than twenty five percent (25%) of the original contract price or adjusted original contract price, the contractor shall be paid on the basis of the unit prices indicated in the original contract or adjusted original contract price for work items similar to those in the original contract. If the contract does not contain any rate applicable to the additional or extra work, then suitable prices shall be agreed upon by the Government and the contractor. In case of extra work involving an increase of twenty five percent (25%) or more of the original contract price or adjusted original contract price to be covered by a supplemental agreement, the price shall be agreed upon by the parties covering the entire extra work, under any of the following methods:</p>	<p>CI 2 - ADDITIONAL/EXTRA WORK COSTING</p> <p>1. ADDITIONAL/ <i>[The Government may, at any time by written order and without notice to the Sureties, direct the contractor to perform]</i> extra works necessary to and within the General Scope of the Contract SHOULD BE COSTED WHETHER THEY ARE COVERED BY CHANGE ORDERS OR EXTRA WORK ORDERS. <i>[The contractor shall promptly proceed with the extra work involving an increase of less than twenty five percent (25%) of the original contract price or adjusted original contract price, , the contractor shall be paid on the basis of the unit prices indicated in the original contract or adjusted original contract price for work items similar to those in the original contract. If the contract does not contain any rate applicable to the additional or extra work, then suitable prices shall be agreed upon by the Government and the contractor. In case of extra work involving an increase of twenty five percent (25%) or more of the original contract price or adjusted original contract price to be covered by a supplemental agreement, the price, shall be agreed upon by the parties covering the entire extra work.]</i> THE CONTRACTOR SHALL BE PAID</p>	<p>This provision encompasses the conditions under which the contractor is to start work (see Section CI 3) including noted inconsistency. Under CI2, the cut-off by which contractors should proceed with the extra work is 25% of the escalated original contract price, while under CI3, the cut-off is 15%. The 2nd & 3rd sentences is transferred to CI 3 for better grouping of provisions and revised for consistency. Further, the main intent of this Section is to stipulate on how to cost additional/ extra works involving cumulative increases of at least 25% of the escalated original contract price only, not covering additional works below the 25%</p>

hp # 100 5 2021

	Existing Provision	Approved Amendments	Rationale
		FOR ADDITIONAL WORK ITEMS WHOSE UNIT PRICES SHALL BE DERIVED BASED ON [under any of] the following [methods]:	cut-off. Such causes confusion among the users of these IRR. The proposed amendments intends to resolve the following:
48	a. By applicable unit prices contained in the original price or adjusted original contract price for like work.	a. FOR ADDITIONAL/EXTRA WORKS DULY COVERED BY CHANGE ORDERS INVOLVING WORK ITEMS WHICH ARE EXACTLY THE SAME OR SIMILAR TO THOSE IN THE ORIGINAL CONTRACT, THE APPLICABLE UNIT PRICES OF WORK ITEMS IN THE ORIGINAL CONTRACT SHALL BE USED.	1. The coverage of Change Orders should only cover work items that are exactly the same or similar to those contained in the original contract and that new work items are to be covered through extra work orders.
49	b. By cost-plus percentage basis where the cost represents the expenses incurred, exclusive of profit and contractor's tax, while the plus represents a certain percentage of the cost which shall not exceed fifteen percent (15%). The contractor shall be reimbursed for all actual necessary costs, as determined by:	b. FOR ADDITIONAL/EXTRA WORKS DULY COVERED BY EXTRA WORK ORDERS INVOLVING NEW WORK ITEMS THAT ARE NOT IN THE ORIGINAL CONTRACT, THE UNIT PRICES OF THE NEW WORK ITEMS SHALL BE DERIVED AS FOLLOWS:	2. The present provision does not provide for the costing of new work items if the cumulative increase is below the 25% cut-off. Such could result in the delayed implementation of new work items that fall under the critical path, hence, adversely affecting the contract time.
50	(1) his direct labor costs;	(1) EACH COMPONENT OF THE NEW WORK ITEM SHALL BE BASED ON THE DIRECT UNIT COSTS USED IN THE ORIGINAL CONTRACT (E.G., UNIT COST OF CEMENT, REBARS, FORM LUMBER LABOR RATE, EQUIPMENT RENTAL, ETC.) AND UPDATED TO PRICE LEVELS AS OF THE DATE AGREED UPON BY THE GOVERNMENT AND THE CONTRACTOR USING APPROPRIATE NSO INDICES AS FOLLOWS:	3. Users of the IRR interpret the term "rate applicable" differently. With the proposed amendment, the interpretation would be narrowed down to the issue of similar work items only.
	(2) all materials used in the extra work;	NEW UNIT COST = ORIGINAL UNIT COST X (P _i /P ₀)	4. The alternatives for costing additional works involving at least 25% of the escalated contract price is biased in favor of the cost-plus method since the contractor has the right to disagree to
	(3) all supplies, fuel lubricants, power and other incidentals;	WHERE P _i = APPROPRIATE NSO INDEX DURING THE AGREED UPON DATE /MONTH	
	(4) reasonable base equipment rental for use of his construction equipment; and,	P ₀ = APPROPRIATE NSO INDEX AT THE MONTH OF BIDDING OR NEGOTIATED BIDDING	
	(5) current rental rates for use of construction equipment not owned by the contractor.		

Doc# 128 S. 2009

	Existing Provision	Approved Amendments	Rationale
51		(2) ALL NEW COMPONENTS OF THE NEW WORK ITEM SHALL BE BASED ON PRICES PREVAILING AT THAT AGREED DATE/MONTH, PROVIDED THE SAME IS ACCEPTABLE TO BOTH THE GOVERNMENT AND THE CONTRACTOR, AND PROVIDED FURTHER THAT THE DIRECT UNIT COSTS OF NEW COMPONENTS SHALL BE BASED ON THE CONTRACTOR'S ESTIMATE AS VALIDATED BY THE AGENCY CONCERNED VIA DOCUMENTED CANVASS IN ACCORDANCE WITH EXISTING RULES AND REGULATIONS.	his advantage. Note that the supporting documents thereto include official receipts/invoices from suppliers whose amounts could be easily padded. 5. The proposed alternative method of costing new work items relies on the NSO indices so that only the price of a few new components would be subject to arbitrariness.
52		(3) THESE TWO SHALL BE COMBINED TO ARRIVE AT THE DIRECT COST OF THE NEW WORK ITEM. IT SHALL THEN BE COMBINED WITH THE MARK-UP FACTOR (I.E., TAXES & PROFIT) USED BY THE CONTRACTOR IN HIS BID TO DETERMINE THE UNIT PRICE OF THE NEW WORK ITEM. THE RECKONING DATE FOR PRICE ESCALATION PURPOSES SHALL BE THE DATE/MONTH AS AGREED UPON BY BOTH PARTIES.	6. Considering the delayed issuance of the NSO indices, the contracting parties are allowed to agree on a reckoning date/month for purposes of unit price adjustment and subsequent claims for price escalation. 7. In consideration of the contractor's bid, the use of the mark-up factor (representing the indirect cost usually in percentage of the direct cost) is allowed in arriving at the unit price of a new work item.
53	2. If the parties are unable to agree on any of the modes of payment specified in Section CI2-1.a, the extra work shall be done on a cost-plus percentage basis described in Section CI2-1.b above.	<i>Delete CI 2-2 and renumber succeeding section accordingly.</i>	As explained above.
54	CI 3 - CONDITIONS UNDER WHICH CONTRACTOR IS TO START WORK UNDER VARIATION ORDERS AND RECEIVE PAYMENTS	CI 3 - CONDITIONS UNDER WHICH CONTRACTOR IS TO START WORK UNDER VARIATION ORDERS AND RECEIVE PAYMENTS	

R# 120.5.2017

Existing Provision	Approved Amendments	Rationale
<p>1. Under no circumstances shall a contractor proceed to commence work under any Change Order, Extra Work Order or Supplemental Agreement unless it has been approved by the Secretary or his duly authorized representative. Exceptions to the preceding rule are the following:</p> <p>a. The Regional Director may,...</p> <p>(1) In the event of...</p> <p>(2) When time is of the essence</p> <p>Provided, however, that such approval is valid on work done up to the point where the cumulative increase in value of work on the project which has not yet been approved does not exceed five percent (5%) of the total original contract price, or P500,000 whichever is less;...</p> <p>b. For a Change/Extra Work Order involving a cumulative amount exceeding fifteen percent (15%) of the original contract price or original adjusted contract price, no work thereon may be commenced unless said Change/Extra Work Order has been approved by the Secretary or his duly authorized representative.</p>	<p>1. Same</p> <p>a. The Regional Director, OR ITS EQUIVALENT POSITION IN AGENCIES/OFFICES/ CORPORATIONS WITHOUT PLANTILLA POSITION FOR THE SAME may,...</p> <p>(1) In the event of...</p> <p>(2) When time is of the essence;</p> <p>provided, however, that such approval is valid on work done up to the point where the cumulative increase in value of work on the project which has not yet been approved does not exceed five percent (5%) of the [total] ADJUSTED original contract price, or P500,000 whichever is less;...</p> <p>b. For a Change/Extra Work Order involving a cumulative amount exceeding <i>[fifteen percent (15%)]</i> FIVE PERCENT (5%) of the original contract price or original adjusted contract price, no work thereon may be commenced unless said Change/Extra Work Order has been approved by the Secretary or his duly authorized representative.</p>	<p>For clarity. Agencies having no Regional Director positions in their plantilla find this provision restrictive.</p> <p>The provision that no variation order may be started if the cumulative increase exceeds 15% of the adjusted or original contract price without the prior approval of the concerned Secretary/authorized Representative conflicts with the 2nd sentence of Section CI2 which allows contractors to promptly proceed with the extra work involving an increase below 25% of the original or adjusted contract price. Further, the bases in getting the percentage ceilings are different. For consistency, the adjusted original contract price should be used as the common basis in determining the cut-offs. Also, the Government's signatory to the contract, not necessarily the Secretary concerned, should be identified as the official</p>

bo #170 S. 20m

	Existing Provision	Approved Amendments	Rationale
			authorized to order the start of extra works involving more than 5% of the adjusted original contract price, upon issuance of a written advice by the former to the contractor that funds necessary to cover the extra works is available.
55	<p>CI 7 – CONTRACT COMPLETION</p> <p>1. Once the project reaches an accomplishment of 95% of the total contract amount, the contract time may be suspended and the government upon the request of the contractor may create an inspectorate team to make preliminary inspection and submit a punch list to the contractor in preparation for the final turnover of the project.</p>	<p>CI 7 – CONTRACT COMPLETION</p> <p>1. Once the project reaches an accomplishment of 95% of the total contract amount, [<i>the contract time may be suspended and</i>] the government [<i>upon the request of the contractor</i>] may create an inspectorate team to make preliminary inspection and submit a punch list to the contractor in preparation for the final turnover of the project.</p>	<p>The contract time does not have to be and should not be suspended while the inspectorate team makes the inspection and prepares the punch list.</p>
56	<p>CI.8 - LIQUIDATED DAMAGES</p> <p>1. Where the contractor refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the contractor shall pay the Government for liquidated damages, and not by way of penalty, an amount to be determined in accordance with the following formula for each calendar day of delay, until the work is completed and accepted or taken over by the Government:</p> $LD = 0.75 \times CP/CT$ <p>Where:</p> <p>LD = Amount of liquidated damages for each calendar day of delay.</p> <p>CP = Total contract price minus the value of completed portions of the contract certified by the government office concerned as usable as of the expiration of the contract time, in pesos.</p>	<p>CI.8 – LIQUIDATED DAMAGES</p> <p>1. Where the contractor refuses or fails to satisfactorily complete the work within the specified contract time, plus any time extension duly granted and is hereby in default under the contract, the contractor shall pay the Government for liquidated damages, and not by way of penalty, an amount to be determined in accordance with the following formula for each calendar day of delay, until the work is completed and accepted or taken over by the Government:</p> $TLD = VUUP \times [(1 + OCC)^n - 1] \times K$ $VUUP = TCP - VCUP$ <p>WHERE:</p> <p>TLD = TOTAL LIQUIDATED DAMAGES, IN PESOS</p> <p>VUUP = VALUE OF THE UNCOMPLETED AND UNUSABLE PORTIONS OF THE CONTRACT WORK, AS OF THE EXPIRY DATE OF THE CONTRACT, IN PESOS</p>	<p>The proposed formula follows the concept of "foregone economic benefits or returns" from unproductive investments tied up in the delayed project (contract work). Since the project is not completed on time, the economy foregoes or loses the opportunity to realize the benefits or returns that could have been generated during the period of delay (beyond the contract expiry date). The investment funds allocated to the project, which are not yet productive because the project is incomplete and unusable, could have earned returns if invested in other productive ventures elsewhere.</p>

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Existing Provision	Approved Amendments	Rationale
<p>CT = Contract time plus any time extension duly granted to the contractor, in calendar days.</p>	<p>TCP = TOTAL CONTRACT PRICE, IN PESOS</p> <p>VCUP = VALUE OF THE COMPLETED AND USABLE PORTION OF THE CONTRACT WORK, AS OF THE EXPIRY DATE OF THE CONTRACT, IN PESOS</p> <p>OCC = PREVAILING OPPORTUNITY COST OF CAPITAL FOR GOVERNMENT PROJECTS SET BY NEDA, WHICH IS CURRENTLY PEGGED AT 15%</p> <p>n = TOTAL NUMBER OF YEARS THAT THE CONTRACT WORK IS DELAYED AFTER THE EXPIRY DATE OF THE CONTRACT</p> <p>K = ADJUSTMENT FACTOR TO COVER ADDITIONAL LOSSES $= 1 + C + (i \times n)$</p> <p>WHERE:</p> <p>C = COST OF CONSTRUCTION SUPERVISION AS A PERCENTAGE, NOT EXCEEDING 10%, OF CONSTRUCTION COST</p> <p>i = ANNUAL INFLATION RATE</p> <p>THE HEAD OF AGENCY MAY ALSO IMPOSE ADDITIONAL LIQUIDATED DAMAGES ON THE CONTRACTOR PROVIDED THAT SUCH IS PRESCRIBED IN THE INSTRUCTIONS TO BIDDERS.</p>	<p>The foregone benefits are computed on the basis of the "Opportunity Cost of Capital" using the compounded interest formula $[(1 + OCC)^n - 1]$. The Opportunity Cost of Capital is that adopted by NEDA, presently set at 15% per annum.</p> <p>The compounded interest formula is applied to the funds allocated to the uncompleted and unusable portion of the project, which is unproductive because of the delay. This portion is VUUP which is equal to TCP - VCUP. In some cases, the project may be partly completed and usable, e.g., a partly finished section of a road pavement. In other cases, the project may be partly completed but still unusable, e.g., a partly finished bridge; in these cases, VCUP equals zero, and the compounded formula is applied to TCP.</p> <p>K is the adjustment factor to cover the following additional losses incurred by the economy, which are not captured by the basic compounded interest formula.</p> <p>a. Additional Government expenses for construction supervision of the delayed project beyond the expiry date of the contract. This is estimated at 10% of the</p>

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Existing Provision	Approved Amendments	Rationale
		<p>VUUP, which is the ceiling for construction supervision per NEDA Guidelines for consultancy.</p> <p>b. Additional budgetary outlays to cover the cost increases in the VUUP due to inflation during the period of delay. This is based on the latest inflation rate published by NEDA applied to the number of days of delay.</p>
	<p><i>Insert as CI 8-2 and renumber succeeding provisions accordingly:</i></p> <p>2. A PROJECT OR A PORTION THEREOF MAY BE DEEMED USABLE WHEN IT STARTS TO PROVIDE THE DESIRED BENEFITS AS CERTIFIED BY THE TARGETTED END-USERS AND THE CONCERNED AGENCY.</p>	<p>For clarity.</p>

PO # 1205.2000

Existing Provision	Approved Amendments	Rationale
<p>57 CI 9 - INCENTIVE BONUS</p> <p>1. For major and urgent projects, except for negotiated contracts and provided that the Instructions to Bidders and other Tender and Contract Documents so prescribed, if the contractor completes the contract works ahead of schedule without any suspension order affected or extension of contract time granted, he may be given a bonus for saving the Government additional expenses for engineering and inspection services and for allowing the Government the early use of the completed facilities, in an amount to be determined, but not to exceed ten percent (10%) of the contract price:</p> <p>$IB = 0.75 \times VWA$</p> <p>Where: IB = Total amount of incentive bonus VWA = Value of works accomplished ahead of schedule</p>	<p>CI 9 - INCENTIVE BONUS</p> <p>1. For major and urgent projects, except for negotiated contracts and provided that the Instructions to Bidders and other Tender and Contract Documents so prescribed, if the contractor completes the contract works ahead of schedule without any suspension order affected or extension of contract time granted, he may be given a bonus for saving the Government additional expenses for engineering and inspection services and for allowing the Government the early use of the completed facilities, in an amount to be determined, but not to exceed ten percent (10%) of the contract price:</p> <p>$TIB = VCUP \times [(1 + OCC)^t - 1] \times K'$</p> <p>WHERE:</p> <p>TIB = TOTAL INCENTIVE BONUS, IN PESOS, WHICH SHALL NOT EXCEED OR BE GREATER THAN 10% OF THE TOTAL CONTRACT PRICE</p> <p>VCUP = VALUE OF THE COMPLETED AND USABLE PORTION OF THE CONTRACT WORK DONE AHEAD OF SCHEDULE, I.E., BEFORE THE EXPIRY OF THE CONTRACT, IN PESOS</p> <p>OCC = PREVAILING OPPORTUNITY COST OF CAPITAL FOR GOVERNMENT PROJECTS SET BY NEDA WHICH IS CURRENTLY PEGGED AT 15%</p> <p>t = TOTAL NUMBER OF YEARS THAT THE CONTRACT WORK WAS COMPLETED BEFORE THE EXPIRY DATE OF THE CONTRACT</p> <p>K' = ADJUSTMENT FACTOR TO COVER ADDITIONAL RETURNS $= 1 + C + (i \times n)$</p> <p>WHERE:</p>	<p>This formula is based on the concept of "early economic benefits or returns" being derived from investments in the project because it is completed ahead of schedule. That is, since the project is completed before the contract expiry date, the economy will realize the benefits or returns earlier than if the project were completed just on schedule.</p> <p>The early benefits are computed based on the Opportunity Cost of Capital, using the same compounded interest formula $[(1 + OCC)^n - 1]$ as for Liquidated Damages. The Opportunity Cost of Capital is that adopted by NEDA, presently set at 15% per annum.</p> <p>K' is an adjustment factor to cover the following additional returns from investments which are not captured by the basic compounded interest formula:</p> <p>a. Savings in Government expenses for supervision of the portion of the contract work completed and made usable before the expiry date of the contract. This is estimated at 10% of the VPSCU, which is the ceiling for contract supervision per NEDA</p>

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Existing Provision	Approved Amendments	Rationale
	<p>C = COST OF CONSTRUCTION SUPERVISION AS A PERCENTAGE, NOT EXCEEDING 10%, OF CONSTRUCTION COST</p> <p>i = ANNUAL INFLATION RATE</p> <p>VCUP = TCP - VPSCU</p> <p>WHERE:</p> <p>TCP = TOTAL CONSTRUCTION PRICE, IN PESOS</p> <p>VPSCU = VALUE OF THE PORTION OF THE CONTRACT WORK SUPPOSED TO BE COMPLETED AND USABLE, PER APPROVED PERT/CPM SCHEDULE, ON THE DATE OF ACTUAL CONTRACT COMPLETION, IN PESOS</p>	<p>Guidelines for consultancy.</p> <p>b. Savings in budgetary outlays for the contract due to avoided inflation beyond the actual completion date. This is based on the latest inflation rate per year published by NEDA applied to the number of days needed to accomplish VPSCU.</p>
<p>58 CI 12 - CONTRACT PRICE ESCALATION</p> <p>CI 12.1 - GUIDELINES ON CONTRACT PRICE ESCALATION</p> <p>1. These guidelines for the computation and payment of price escalation shall apply to existing contracts, ... All infrastructure contracts entered into after the date of effectivity of these guidelines (August 27, 1980) shall employ the escalation method provided for in these guidelines. Equipment supply contracts, whether or not included as an integral part of the infrastructure contract, shall not be covered by this provision.</p>	<p>CI 12 - CONTRACT PRICE ESCALATION</p> <p>CI 12.1 - GUIDELINES ON CONTRACT PRICE ESCALATION</p> <p>1. These guidelines for the computation and payment of price escalation shall apply to existing contracts, ... All infrastructure contracts entered into after the date of effectivity of these guidelines (August 27, 1980) shall employ the escalation method USING THE PARAMETRIC FORMULAE provided for in these guidelines. FORMULAE OTHER THAN THOSE PRESCRIBED HEREIN MAY ALSO BE USED FOR PRICE ESCALATION PURPOSES PROVIDED THE ADOPTION OF THE SAME IS CLEARLY STIPULATED IN THE TENDER AND CONTRACT DOCUMENTS PROVIDED TO TENDERERS PRIOR TO THE BIDDING AND AGREED UPON BY THE GOVERNMENT AND THE CONTRACTOR. Equipment supply contracts, whether or not included as an integral part of the infrastructure contract, shall not be covered by this provision.</p>	<p>To encourage the introduction, improvement and/or refinement of the parametric formulae to reflect more accurately the fluctuation in the prices.</p>

	Existing Provision	Approved Amendments	Rationale
59	4. For projects with remaining balances of work as of February 1, 1976, the Contract Price Adjustment Committee (CPAC) shall complete the determination of adjusted unit prices as determined by CPAC multiplied by 1.05 as if they were the original contract unit price. For projects without any balances of work, and not started as of February 1, 1976, the original unit prices of the contract as set forth in Section CI 12.2-4 below shall be used.	<i>Delete this section.</i>	This is already outdated and deemed no longer applicable.
60	6. All price escalation to be granted may be approved by the Secretary or head of office/agency/corporation concerned in accordance with Section 8 of Presidential Decree No. 1594 to become effective except those recommended by CPAC for escalation in contract unit prices up to price levels as of February 1, 1976 where the old CPAC guidelines were used, and which must be forwarded to the Office of the President for approval before they become effective. ...	<i>Delete the portion "except those recommended by CPAC for escalation in contract unit prices up to price levels as of February 1, 1976 where the old CPAC guidelines were used, and which must be forwarded to the Office of the President for approval before they become effective".</i>	For consistency. This is in connection with the deletion of CI 12.1-4 above.
61	7. Escalation of prices for work accomplishment on infrastructure ... shall be made periodically ... an increase or decrease of more than five percent (5%) of the original contract unit price of items of work.	7. Escalation of prices for work accomplishment on infrastructure ... shall be made periodically ... an increase or decrease of more than five percent (5%) of the original OR ADJUSTED contract unit price of items of work.	For clarity.
62	CI 12.2-4 4. ... In the absence of any price index for a specified adjustable item, the nearest related price index shall be used.	CI 12.2-4 4. ... In the absence of any price index for a specified adjustable item, THE PRICE INDEX OF the nearest related ITEM [price index] shall be used.	For clarity.
63	IV. PE -- EVALUATION OF CONTRACTORS PERFORMANCE PE 1 -- SUBJECT AND SCOPE	IV. PE -- EVALUATION OF CONTRACTORS PERFORMANCE PE 1 -- SUBJECT AND SCOPE	

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	Existing Provision	Approved Amendments	Rationale
	All contractors undertaking projects with the government, regardless of contract amount and funding source and whose contracts are awarded either thru bidding or negotiation, shall have their performance evaluated by offices/agencies/corporations concerned. This evaluation shall be done during the construction phase and completion phase.	All contractors undertaking projects with the government, regardless of contract amount and funding source and whose contracts are awarded either thru bidding or negotiation, shall have their performance evaluated by offices/agencies/corporations concerned. This evaluation shall be done during [the] construction [phase] and UPON completion [phase] OF EACH GOVERNMENT PROJECT.	Grammatical/syntax correction only.
64		<p><i>To link the mechanism defined by CIAP below, the following paragraph is suggested to replace the existing provision under PE 2 – Evaluation Guidelines:</i></p> <p>ALL OFFICES/AGENCIES/CORPORATIONS CONCERNED ARE MANDATED TO ADOPT THE CPES IMPLEMENTING GUIDELINES AS APPROVED BY THE NEDA INFRACOM. WHILE THE CPES IS SPECIFIC FOR ROAD, BRIDGE, HOUSING, BUILDING, PORT AND HARBOR PROJECTS, AGENCIES CONCERNED MAY FORMULATE AND ADOPT THEIR OWN IMPLEMENTING GUIDELINES SPECIFIC TO PROJECT TYPES OTHER THAN THOSE ABOVEMENTIONED BUT ALONG THE SAME LINE WITH THE APPROVED CPES, PROVIDED THE NEDA-INFRACOM HAS NO OBJECTION FOR THE ADOPTION OF THE FORMULATED GUIDELINES, AND PROVIDED FURTHER THAT THE FORMULATED GUIDELINES ARE MADE KNOWN TO ALL PROSPECTIVE BIDDERS.</p>	While this satisfies the intended updating, it also allows the formulation of similar implementing guidelines for projects other than those specifically covered by the CPES.
65		<p><i>Insert new Section under PE 3 and renumber succeeding provisions.</i></p> <p>PE 3 – IMPLEMENTATION MECHANISM FOR CPES</p> <p>1. EACH AGENCY SHALL ESTABLISH A CPES IMPLEMENTING UNIT (IU) WHICH SHALL BE RESPONSIBLE FOR CPES GUIDELINES IMPLEMENTATION, INCLUDING BUT NOT LIMITED TO THE SUPERVISION OF PERFORMANCE EVALUATORS ACCREDITED</p>	The present provision needs updating to cite the CPES implementing guidelines that have been approved by the NEDA-INFRACOM. The setting-up of the CPES IU will

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Existing Provision	Approved Amendments	Rationale
	BY THE CIAP.	provide clear delineation of roles and responsibility in the CPES implementation accreditation process by CIAP-PDCB.
66	<p><i>Merge Section IB 10.5 and the approved Blacklisting Guidelines as new Section V:</i></p> <p>SECTION V – ADMINISTRATIVE SANCTIONS</p> <ol style="list-style-type: none"> 1. THE ADMINISTRATIVE SANCTIONS AS PROVIDED FOR UNDER THE UNIFORM GUIDELINES FOR BLACKLISTING CONSTRUCTORS INVOLVED IN PUBLIC CONSTRUCTION (CIAP BLACKLISTING GUIDELINES) SHALL BE IMPOSED FOR OFFENSES/VIOLATIONS COMMITTED BY CONTRACTORS DURING PREQUALIFICATION, BIDDING, AWARD AND CONTRACT IMPLEMENTATION. 2. THE IMPOSITION OF ADMINISTRATIVE SANCTIONS IN THIS SECTION SHALL BE PURSUANT TO THE CIAP BLACKLISTING GUIDELINES APPROVED BY THE NEDA-INFRA COM ON 14 AUGUST 1996 AND BY THE NEDA BOARD ON 17 SEPTEMBER 1996. THE CIAP BLACKLISTING GUIDELINES SHALL, HOWEVER, BE SUBJECT TO REVIEW AND REVISION BY THE CIAP INTER-AGENCY COMMITTEE (IAC) ON BLACKLISTING. AMENDMENTS/REVISIONS TO SUCH GUIDELINES SHALL BE APPROVED BY THE CIAP BOARD AND BECOME EFFECTIVE FIFTEEN (15) DAYS AFTER FILING OF THE SAME WITH THE OFFICE OF THE NATIONAL ADMINISTRATIVE REGISTER PURSUANT TO ADMINISTRATIVE CODE OF 1987. 3. VIOLATION OF THE PROVISIONS OF THE IRR OF PD 1594 WILL SUBJECT THE ERRING 	<p>To incorporate Section 4.2 of the Blacklisting Guidelines approved by the NEDA-INFRA COM in the IRR of PD 1594 for enforcement by agencies concerned.</p>

Existing Provision	Approved Amendments	Rationale
	GOVERNMENT OFFICIAL/ EMPLOYEE TO THE SANCTIONS PROVIDED UNDER EXISTING LAWS PARTICULARLY REPUBLIC ACTS 3019 (KNOWN AS THE "ANTI-GRAFT AND CORRUPT PRACTICES ACT") AND 6713 (KNOWN AS THE "CODE OF CONDUCT AND ETHICAL STANDARDS FOR PUBLIC OFFICIALS AND EMPLOYEES"), AND THE CIVIL SERVICE LAW, AMONG OTHERS. COMPLAINTS AGAINST GOVERNMENT OFFICIALS/EMPLOYEES MAY BE FILED WITH THE AGENCY HEAD, OR IF THE AGENCY HEAD IS THE OFFICIAL BEING COMPLAINED, WITH THE OFFICE OF THE PRESIDENT.	
<p>67 V. APPLICABILITY</p> <p>1. The above notwithstanding, nothing in these implementing rules and regulations shall negate any existing and future commitments with respect to the bidding and award of contracts financed partly or wholly with funds from international financial institutions, as well as from bilateral and other similar sources.</p>	<p>[V.]VI. APPLICABILITY</p> <p>1. The above notwithstanding, nothing in these implementing rules and regulations shall negate any existing and future commitments with respect to the bidding, award and EXECUTION of contracts financed partly or wholly with funds from international financial institutions, as well as from bilateral and other similar sources.</p>	

ANNEX A

**Procedure for Simultaneous Submission
of Prequalification Statements and Bid Price Proposals**

1. For a given project to be bid out, the PBAC concerned shall determine the corresponding PCAB class of contractors that will be invited to submit bids.
2. The PBAC shall cause the publication of an advertisement inviting all contractors falling under such class to submit to the PBAC at the designated time and date the following: (a) their prequalification statements and (b) their price proposals for the subject project in two separate sealed envelopes. The advertisement shall also indicate the project description, project cost, maximum contract duration, and desirable starting date, among others.
3. Interested contractors shall secure from the PBAC, upon payment of a fee, copies of the bid documents, including plans, specifications, draft contract with terms and conditions, instructions to bidders, and proposal book with bill of quantities.
4. Contractors shall submit to the PBAC at the designated time and date, in two separate sealed envelopes: (a) their accomplished prequalification statements and (b) their price proposals for the subject project using the bid forms in the proposal book.
5. The PBAC is given the discretion on how to secure the price proposals provided this is indicated in the Instructions to Bidders. Normally, the PBAC may, in the presence of the contractors, deposit all the sealed envelopes containing the price proposals in a designated secured container (e.g. steel cabinet) and shall lock this using three padlocks, one of whose keys shall be kept by the PBAC Chairman, another by the representative of the Commission on Audit (COA) in the PBAC, and the third by the contractors' representative in the PBAC.
6. The PBAC shall then evaluate the prequalification statement of each of the contractors, considering among other things: (a) its technical capability to prosecute the project based on the extent and quality of its relevant experience and performance/track record, (b) the adequacy of its available construction equipment, (c) the adequacy of its proposed project organization and personnel, (d) the financial capacity based on a statement from an authorized bank/financing institution that it commits to provide the contractor a credit line or cash deposit in the amount pre-specified by the PBAC to cover the average project operating expenses for two months or ten percent (10%) of the total contract cost, whichever is less, and (e) its performance in on-going and completed projects.
7. The PBAC shall notify the prequalified as well as the disqualified contractors of the results of the evaluation of the prequalification statements. In case of a disqualification, the reason for same shall be indicated.
8. The PBAC shall allow seven (7) days after the notices mentioned in paragraph 7 above have been transmitted during which to evaluate requests for reconsideration, if any, from

predisqualified contractors, and shall notify them accordingly of the results of such re-evaluation.

9. The PBAC shall inform all prequalified contractors of the date and time of the opening of bids and instruct them to submit their respective bid securities in an amount in accordance with the schedule given below and in the form of cash, certified check, manager's check, bank draft/guarantee confirmed by a local bank against any reputable bank, letter of credit issued by a commercial bank, or surety bond, callable on demand, issued by a surety company duly accredited by the Office of the Insurance Commissioner, or a combination thereof.
 - a. Cash, manager's check, cashier's check, letter of credit, or bank draft - one percent (1%) of the total project cost as advertised
 - b. Bank guarantee - one and a half percent (1½ %) of the total project cost as advertised
 - c. Surety bond - two and a half percent (2½ %) of the total project cost as advertised
10. At the designated date and time, the PBAC shall receive the bid securities of the prequalified contractors. Thereafter, the PBAC shall publicly open the container where the sealed envelopes containing the price proposals were deposited. All bidders shall be required to have their respective duly authorized representatives present to witness the opening of the price proposals.
11. The PBAC shall return to the predisqualified contractors their respective sealed envelopes containing the price proposals.
12. The PBAC shall open the sealed envelope of each of the prequalified contractors, examine its contents, and determine if the corresponding bid security is adequate in amount and in the proper form. The PBAC shall then open, read and record the Approved Agency Estimate. It shall thereafter read and record the price proposals of each bidder.
13. The award of contract and all subsequent activities shall follow the pertinent sections of the IRR / PD 1594.