



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

26 July 1991

STL # 1-1  
D. 244

DEPARTMENT ORDER)

SUBJECT: INCREASING THE COST CEILING  
OF PROJECTS UNDERTAKEN BY  
ADMINISTRATION

NO. **164**  
Series of 1991 **7/31**

In a memorandum for the President dated 22 January 1991, request was made to increase the cost ceiling of projects to be undertaken by administration from ₱1 million to ₱10 million. The rationale of this request is based on the fact that the ₱1 million ceiling fixed under Section 4 of PD 1594 in 1978 is no longer practical in the light of construction costs of projects now. This ceiling prevents the office from implementing projects by administration that require quick response, especially where "time is of the essence".

The above-mentioned request was approved by the Office of the President in a letter dated 21 January 1991, which is hereunder quoted:

"Hon. Jose P. de Jesus  
Secretary of Public Works  
and Highways  
Port Area, Manila

S i r :

Please be informed that your request to increase the ceiling on projects by administration from ₱1 million to ₱10 million is hereby approved subject to the provisions of Presidential Decree No. 1594.

Very truly yours,

By authority of the President:

(SGD.) OSCAR M. ORBOS  
Executive Secretary"

In the light therefore of this authority, projects costing not more than ₱10 million may be undertaken by administration or force account only under the following conditions:

- a. in exceptional cases where time is of the essence;
- b. where there is lack of qualified bidders or contractors; or

- c. where there is conclusive evidence that greater economy and efficiency would be achieved thru such arrangement

as provided under Sec. 4 of P.D. 1594.

The concerned implementing office (Regional/District Office) without the benefit of prior public bidding may undertake works by administration, upon the approval of:

1. the District Engineer if the project costs ₱500,000 or less, and
2. the Regional Director if the project costs more than ₱500,000 but not exceeding ₱1 million.

For projects above ₱1 million, prior authority from the Secretary is necessary, provided that the aggregate value of such projects undertaken by administration under each project category in a given district does not exceed 25% of the total value of all projects therein costing ₱10 million or less; provided, further, that there should be no splitting of projects to place them within the approving authority of either the Regional Director or the District Engineer.

For projects costing more than ₱10 million, the same may be undertaken by administration by the implementing office only in either of the following cases:

- a. Failure of public bidding - i.e., no or only one contractor prequalified, or no or only one pre-qualified contractor participated in the bidding, or no responsive bid was received in the bidding;
- b. Emergency arising from a natural or man-made calamity in order to avert imminent loss of life or property; or
- c. Termination, rescission, or partial takeover of a contract for failure of the contractor to discharge his contractual responsibilities, pursuant to PD 1870

provided that for projects to be undertaken by administration under items a and b above (failure of public bidding and emergency), prior approval of the following offices is obtained:

1. the undersecretary concerned if the project costs not more than ₱5 million,
2. the Secretary if the project costs above ₱5 million but not more than ₱10 million, and

3. the President of the Philippines, upon recommendation of the Secretary, if the project costs more than ₱10 million.

The labor component of projects undertaken by administration may be awarded by the implementing office to qualified "pakyaw" contractors after a competitive public bidding pursuant to the guidelines on "pakyaw" contracts, and the amount involved does not exceed ₱200,000 and that the "pakyaw" contractor is based in the municipality/province where the project is located and is not a regular licensed contractor, but preferably a community group such as Parents-Teachers Association or barangay association.

Any issuance and/or department order inconsistent herewith is hereby superseded and/or repealed accordingly.

This Order takes effect immediately.

  
JOSE P. DE JESUS  
Secretary