



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

097.13 DPWH
06.16.2020
20-2172

JUN 09 2020

DEPARTMENT ORDER)

No. 49)
Series of 2020 *4/16/2020*)

SUBJECT: Breakdown of the Allocation of the Authorized Deductions from Project Related Expenses to be used for Engineering and Administrative Overhead (EAO) and MOOE under FY 2020 GAA, DPWH Budget

Section 11, Special Provisions of the General Appropriations Act (GAA) FY 2020, states that:

Sec. 11. **Project Related Expenses.** For infrastructure projects costing more than One Million Pesos (P1,000,000.00), the DPWH is authorized to deduct, but not to exceed the following percentages of the **project civil works cost**, to be used for: (i) engineering and administrative overhead (EAO) expenses or (ii) Maintenance and Other Operating Expenses:

- a) Three and one-half percent (3.5%) for releases to the Central Office;
- b) Two and one-half percent (2.5%) for releases to the Regional Offices (ROs);
- c) Two percent (2%) for releases to the District Engineering Offices (DEOs);
- d) One percent (1%) for infrastructure projects under the Local Infrastructure Program undertaken by the Central Office, ROs and DEOs: PROVIDED, That the 1% EAO shall be given only to the implementing unit, regardless where the fund was released; and
- e) One-half percent (0.5%) for infrastructure projects of other agencies Undertaken by the Central Office, ROs or DEOs.

For EAO expenses, the same shall be limited to: (i) administrative overhead including the hiring of individuals engaged through job-orders or contracts of service or such other engagement of personnel without any employer-employee relationship; (ii) pre-construction activities after detailed engineering; (iii) construction project management; (iv) testing and quality control; (v) acquisition, rehabilitation and repair of related equipment and parts; (vi) contingencies in relation to pre-construction activities. The EAO expenses shall be treated or booked-up as capitalized expenditures and form part of the project cost.

Disbursements or expenditures by DPWH in violation of the above requirements shall be void and shall subject the erring officials and employees to disciplinary actions in accordance with Section 43, Chapter 5 and Section 80, Chapter 7, Book VI of E.O. No. 292, and to appropriate criminal action under existing penal laws.

Pursuant to the above, the breakdown of allocation of the authorized Project Related Expenses from Project Civil Works Cost is as follows:

For Foreign-Assisted Projects:

Percentage of Deductions/Retentions from Project Civil Works Cost				
Central Office (CO)/PMO	Equipment	Reg'l Office (RO)	District Eng'g Office (DEO)	TOTAL
2.25%	0.25%	0.25%	0.75%	3.50%

For Locally-Funded Projects Released to Central Office:

Percentage of Deductions/Retentions from Project Civil Works Cost				
Implementing Office	Central Office (CO)	Regional Office (RO)	District Eng'g Office (DEO)	TOTAL
Central Office / PMO-Implemented	2.00%	0.50%	1.00%	3.50%
RO -Implemented	.50%	2.00%	1.00%	3.50%
DEO- Implemented	.50%	0.50%	2.50%	3.50%

For Directly Released to RO and DEO:

Implementing Office	Percentage of Deduction/Retentions from Project Civil Works Cost		TOTAL
	Regional Office (RO)	District Engineering Office (DEO)	
RO – Implemented	2.50%		2.50%
DEO – Implemented		2.00%	2.00%

This Order supersedes Department Order No. 52 series of 2019 and shall take effect immediately.

Please be guided accordingly.


MARK A. VILLAR
 Secretary

8.1 GEC

Department of Public Works and Highways
 Office of the Secretary



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