

Republika ng Pilipinas
(Republic of the Philippines)
KAGAWARAN NG EDUKASYON, KULTURA AT ISPORTS
(DEPARTMENT OF EDUCATION, CULTURE AND SPORTS)
UL Complex, Pasig, Metro Manila

May 20, 1991

DECS O R D E R
No. 49, s. 1991

AMENDMENTS TO THE IMPLEMENTING RULES AND REGULATIONS (IRR)
OF PRESIDENTIAL DECREE NO. 1594

To: Undersecretaries
Assistant Secretaries
Bureau Directors/Cultural Agency Directors
Directors of Services/Centers and Heads of Units
Regional Directors
Schools Superintendents
Presidents, State Colleges and Universities
Vocational School Superintendents/Administrators

1. For the information and guidance of all concerned, inclosed is 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.
2. The amendments consist of capitalized words, phrases, sentences, and paragraphs.
3. As per the IRR, these amendments shall become effective ten (10) days after the date (April 3, 1991) of the dissemination/issuance of the letter relative to this matter by the NEDA.
4. Wide and immediate dissemination of this Order is desired.

(SGD.) ISIDRO D. CARINO
Secretary

Incl.: As stated

Reference: None

Allotment: 1-2-3--(M.O. 1-87)

To be indicated in the Perpetual Index
under the following subjects:

✓AMENDMENT
✓BIDS
✓DECREE

✓LEGISLATION
✓OFFICIALS
✓RULES & REGULATIONS

(Inclosure to DECS Order No. 49, s. 1991)

APPROVED AMENDMENTS TO THE IMPLEMENTING
RULES AND REGULATIONS OF P.D. 1594

PROVISION :	AMENDMENT	RATIONALE/REMARKS
1. SECTIONAL HEADINGS :	Add to the Sectional Headings the following:	For further clarity.
II.	IB - INSTRUCTIONS TO BIDDERS: THESE PROVISIONS REFER TO PRE-CONSTRUCTION ACTIVITIES FROM ADVERTISEMENT TO CONTRACT AWARD	
III.	CI - CONTRACT IMPLEMENTATION: THESE PROVISIONS REFER TO ACTIVITIES DURING PROJECT CONSTRUCTION, I.E., AFTER CONTRACT AWARD UNTIL COMPLETION, EXCEPT AS MAY OTHERWISE BE SPECIFICALLY REFERRED TO PROVISIONS UNDER SECTION II. IB - INSTRUCTIONS TO BIDDERS.	
2. DETAILED ENGINEERING, p. 3 :	Add the following as Section I.4.J:	This is to guide the Government and contractors with regard to suspensions of work due to unworkable conditions.
	"IN THE PREPARATION OF THE BIDDING DOCUMENTS, THE GOVERNMENT SHALL MAKE AN ESTIMATE OF THE ACTUAL NUMBER OF WORKING DAYS REQUIRED TO COMPLETE THE PROJECT THROUGH PERT/CPM ANALYSIS OF THE PROJECT ACTIVITIES AND CORRECTED FOR HOLIDAYS AND WEEKENDS. LIKEWISE, THE GOVERNMENT SHALL MAKE AN ESTIMATE OF THE NUMBER OF RAINY/UNWORKABLE DAYS CONSIDERED UNFAVORABLE FOR THE PROSECUTION OF THE WORKS AT THE SITE AND INCORPORATE THE SAME IN THE CORRECTED ACTUAL NUMBER OF WORKING DAYS DETERMINED ABOVE, AND SHALL BE MADE THE BASIS OF THE TOTAL CONTRACT	

TIME. THE ESTIMATED NUMBER OF RAINY/UNWORKABLE DAYS CONSIDERED UNFAVORABLE FOR THE PROSECUTION OF THE WORKS AT THE SITE SHALL BE MADE KNOWN BEFORE THE DATE OF BIDDING THROUGH THE INSTRUCTIONS TO BIDDERS, INVITATION TO BID AND OTHER BIDDING DOCUMENTS FOR THE PURPOSE OF BUILDING BOTH THE GOVERNMENT AND WINNING CONTRACTORS IN THE REQUEST FOR AND APPROVAL OF TIME EXTENSIONS.

3. Sec. IB 5--: Amend Section IB 5-1 as follows: : NEDA, being a plan-
 CLASSIFICA- : : ning and non-
 TION AND : : implementing agency,
 REGISTRA- : : should not be in-
 TION OF : : 1. An inter-agency committee: volved in contrac-
 CONTRACT- : : composed of representatives: tors' classifica-
 ORS, p. 8 : : from the Department of Public: tion and registra-
 Works and Highways, the: tion, which are
 Department of Transportation: operational in
 and Communications, (the: character. More-
 National Economic and: over, the addi-
 Development Authority), the: tional phrase takes
 Office of the President of the: into account the
 Philippines IN THE ABSENCE OF A: re-creation of a
 DEPARTMENT OF ENERGY (in lieu: Department of
 of a Department of Energy) and: Energy which had
 the ... shall have expired, : earlier been clas-
 revoked and/or: sified as an in-
 upgraded/downgraded. : frastructure agency.

4. Sec. IB 6--: Amend Section IB 6-4 as follows: : A cash deposit cer-
 PREQUALIFI- : : tificate can be used
 CATION OF : : as an alternative to
 CONTRACTORS: : determine a contrac-
 FOR SPECI- : : tor's financial con-
 FIC CON- : : tracting capacity.
 TRACTS, : "4. To determine the financial
 p. 10 : : capacity of the contractor, the
 : PBAC shall require the contrac-
 : tor 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. IN THE CASE OF A CASH DEPOSIT CERTIFICATE SUBMITTED BY THE WINNING BIDDER, WITHDRAWAL OF SAID CASH DEPOSIT SHALL BE SUBJECT TO APPROVAL BY THE CONCERNED CONTRACTING GOVERNMENT AGENCY."

5. Sec. IB 8-: Amend Section IB 8-2 as follows: This is to provide contractors ample time to revise their proposals, if necessary, in line with the requirements of the Supplemental Notices.

INTERPRETATION OF BID/TENDER DOCUMENTS AND OTHER SUPPLEMENTAL NOTICES, p. 12

2. The Government may also issue to all prospective bidders Supplemental Notices LEAST FIVE (5) WORKING DAYS prior to the date of opening of bids for purposes of clarification or modification of the bid documents shall not be binding.

6. Sec. IB 9-: Amend Section IB 9-4 as follows: New laws which become operative after the date of bidding or date of signing of a negotiated contract, such as the VAT Law and other future laws on customs, duties and taxes, may affect the bid price of the winning contractor. In the interest of fairness, the winning contractor should be compensated accordingly by way of an adjustment of contract price.

BIDDER'S RESPONSIBILITY, p. 13

4. Prior to submittal of (these) bids, the prospective bidder (is) ARE considered to have become familiar with all EXISTING laws, decrees, ordinances, acts and regulations of the Philippines which may affect or apply to the operations and activities of contractors. HOWEVER, IN CASES WHERE THE COST OF THE AWARDED CONTRACT IS AFFECTED BY ANY APPLICABLE NEW LAWS, DECREES, ORDINANCES, REGULATIONS AND OTHER ACTS OF GOVERNMENT PROMULGATED AFTER THE DATE OF BIDDING FOR PUBLICLY-BID AND SEALED-BID CONTRACTS OR DATE OF CONTRACT FOR NEGOTIATED CONTRACTS, A CONTRACT PRICE ADJUSTMENT SHALL BE MADE OR APPROPRIATE

RELIEF SHALL BE APPLIED ON
 A NO-LOSS-NO-GAIN BASIS
 PROVIDED SUCH IS NOT COVERED
 BY THE PROVISIONS ON PRICE
 ESCALATION HEREOF.

7. Sec. IB 10.: Amend the last sentence of : This is to provide
 2 - SUBMIS- : Section IB 10.2-3 as follows: : guidelines in the
 SION, OPEN- : : opening of bids.
 ING AND : 3. "It shall be opened
 ABSTRACT- : IMMEDIATELY AFTER THE
 ING OF : OPENING OF THE FIRST
 BIDS/ : ENVELOPE AND only if the
 TENDERS, : contractor has complied
 p. 15 : with the requirements of
 : Section IB 10.2-2 above.

8. Sec. IB 10.: Add the following as Section IB: To expedite evalua-
 3-EVALUA- : 10.3-4: : tion of bids.
 TION OF :
 BIDS, p. 17: 4. THE RESPECTIVE PBACs OF
 CONCERNED GOVERNMENT OFFICES/
 AGENCIES/CORPORATIONS SHOULD
 NORMALLY COMPLETE THE
 EVALUATION OF BIDS NOT LATER
 THAN THIRTY (30) CALENDAR DAYS
 FROM THE DATE OF THE OPENING OF
 BIDS.

9. Sec. IB 10.: Amend the last sentence of Sec-: The unit AGE would
 4- AWARD- : tion IB 10.4.1-4 and modify: be a more realistic
 ING OF : Section IB 10.4. 1-5 as: and fair basis for
 CONTRACT, : follows: : the determination
 p. 18 : : of unbalanced bids
 : : instead of the AAE.
 :

4. "For purposes of these: The phrase "or
 implementing rules and regula-: lower" under Sec-
 tions, an unbalanced bid shall: tion IB 10.4.1-4 is
 be defined as a bid containing: deleted since the
 one or more pay items that are: actual concern of
 thirty percent (30%) higher (or: agencies on an un-
 lower) than the unit AGE (AAE): balanced bid is the
 in respect to major items: probability that a
 WHEREAS OTHER PAY ITEMS ARE: contractor will de-
 PRICED LOWER THAN THE UNIT AGE, : liberately default
 major items being defined as: on his obligations
 pay items ... Instruction to: after he has
 Bidders." : collected payments
 : on the high paying
 : items rather than
 : if the prices of
 : the major items are
 : lower than the unit
 : AGE.

5. Unbalanced bids as defined above may be considered for award provided that the excess of the item bid price for the subject major item over one hundred thirty percent (130%) of the unit AGE (AAE) is paid upon eighty percent (80%) completion of the entire project and full completion of the entire project and full completion of the subject major item.

10. Sec. IB : Amend Section IB 10.4.1-10 as follows: To expedite approval
10.4 - : of award of contract.
AWARDING :
OF
CONTRACT,
p. 19

"NORMALLY WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE THE EVALUATION OF BIDS SHALL HAVE BEEN COMPLETED, A DECISION ON THE RESULTS OF THE BID EVALUATION SHOULD BE MADE. IF THE DECISION IS TO AWARD THE CONTRACT, THE NOTICE OF AWARD SHOULD BE ISSUED NORMALLY WITHIN SEVEN (7) CALENDAR DAYS FROM THE DATE THE DECISION TO AWARD IS MADE. FOR FOREIGN-ASSISTED PROJECTS, THE DECISION TO AWARD THE CONTRACT SHOULD BE TRANSMITTED TO THE CONCERNED FOREIGN FINANCIAL INSTITUTION FOR CONCURRENCE AS MAY BE REQUIRED NORMALLY WITHIN SEVEN (7) CALENDAR DAYS FROM THE DATE THE DECISION TO AWARD IS MADE. LIKEWISE, THE NOTICE OF AWARD SHOULD BE ISSUED BY THE CONCERNED IMPLEMENTING AGENCY NORMALLY WITHIN SEVEN (7) CALENDAR DAYS FROM THE DATE THE CONCURRENCE OF THE CONCERNED FOREIGN FINANCIAL INSTITUTION SHALL HAVE BEEN SECURED. THE SUCCESSFUL BIDDER OR HIS DULY AUTHORIZED REPRESENTATIVE SHOULD EXECUTE THE CONTRACT WITH THE OFFICE/AGENCY/

CORPORATION CONCERNED NORMALLY
WITHIN FIFTEEN (15) CALENDAR
DAYS FROM RECEIPT OF THE NOTICE
OF AWARD."

11. Sec. IB : Amend Section IB 10.4.1-11(a) : The Bank draft and
10.4 - : and (b) as follows: : the Manager's Check
AWARDING : : or Cashier's Check
OF CON- : : are basically the
TRACT, : : same.
p. 19 :
a. Cash, manager's check,
cashier's check,
irrevocable letter of
credit, BANK DRAFT - five:
percent (5%) of the
total contract price.
b. Bank (draft) Guarantee - ten
percent (10%) of the total
contract price.

12. Sec. IB : Add under Section IB 10.4.2-1 : This is to clarify
10.4.2 - BY: the following: : the intent of the
NEGOTIATED : : IRR to define what
CONTRACT, : : a negotiated con-
p. 20 : "D. FOR CONTRACTS TERMINATED IN: tract is, and what
ACCORDANCE WITH THE PROVISIONS: procedures to
OF PRESIDENTIAL DECREE NO. 1870: follow after termi-
(AUTHORIZING THE GOVERNMENT'S : nation/rescission
TAKE OVER BY ADMINISTRATION OF: of an originally
DELAYED INFRASTRUCTURE PROJECTS: bid and awarded
OR AWARDING OF THE CONTRACT: contract.
TO OTHER QUALIFIED CONTRACTORS)
OR SIMILAR LAWS OR SECTION CI
7 - 3 and 4 (LIQUIDATED
DAMAGES) HEREOF."

and amend the succeeding
paragraph as follows:

"In (these) cases a AND b
ABOVE, bidding may be
undertaken through sealed
canvass of at least three (3)
qualified contractors. FOR
CASE D, CONTRACT MAY BE
NEGOTIATED WITH THE SECOND
LOWEST BIDDER FOR THE PROJECT
UNDER CONSIDERATION AT THE
BIDDER'S ORIGINAL BID PRICE
ESCALATED TO THE DATE OF
CONTRACT NEGOTIATION USING THE
PARAMETRIC FORMULAE CONTAINED
HEREIN RECKONED FROM THE DATE
OF THE BIDDING, OR BIDDING MAY

BE UNDERTAKEN THROUGH SEALED CANVASS OF AT LEAST THREE (3) QUALIFIED BIDDERS. Authority to ... of approving authority."

13. Sec. IB : Amend Section IB 10.9 as : To expedite approval
10.9 - : follows: : of the contract.
APPROVAL :
OF CON-
TRACT,
p. 23

1. Contracts (shall) SHOULD NORMALLY be approved/DISAPPROVED BY THE HEAD OF OFFICE/AGENCY/CORPORATION CONCERNED in accordance with existing laws, rules and regulations WITHIN FIFTEEN (15) CALENDAR DAYS FROM THE DATE THE SUCCESSFUL BIDDER OR HIS DULY AUTHORIZED REPRESENTATIVE SHALL HAVE EXECUTED THE CONTRACT WITH THE OFFICE/AGENCY/CORPORATION CONCERNED AND SUBMITTED ALL DOCUMENTARY REQUIREMENTS TO PERFECT THE CONTRACT FOREMOST OF WHICH IS THE PERFORMANCE SECURITY. FOR CONTRACTS REQUIRING THE APPROVAL BY THE OFFICE OF THE PRESIDENT, THE SAME SHOULD NORMALLY BE APPROVED/DISAPPROVED WITHIN THIRTY (30) CALENDAR DAYS FROM THE DATE THAT REQUEST FOR APPROVAL OF SUCH CONTRACTS SHALL HAVE BEEN RECEIVED BY THE OFFICE OF THE PRESIDENT.

14. Sec. IB : Add the following as Section IB: To expedite project
10 - BID/ : 10.10: : implementation.
TENDER AND :
AWARD, :
p. 23 : IB 10.10 - ISSUANCE OF NOTICE
TO PROCEED

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.

15. Sec. IB- : Add the following as Section IB: For monitoring

10 - BID/ : 10.11:
TENDER :
AND AWARD, :
p. 23

: purposes.

IB 10.11 - MONITORING OF
CONTRACT AWARDS PROCESS

1. ALL GOVERNMENT TENDERING AGENCIES SHALL SUBMIT TO THE NEDA COMMITTEE ON INFRASTRUCTURE (IN-FRACOM), FOR MONITORING PURPOSES, THE LIST OF ALL CONTRACTS INVOLVING CONTRACT COSTS OF P10.0 MILLION AND ABOVE APPROVED BY THEIR APPROPRIATE AUTHORITIES INDICATING SUCH MILESTONES AS DATES OF ADVERTISEMENT, OPENING OF BIDS, EVALUATION OF BIDS, AWARD OF CONTRACTS, APPROVAL OF CONTRACTS AND NOTICE TO PROCEED NORMALLY WITHIN FIFTEEN (15) CALENDAR DAYS FROM THE DATE OF NOTICE TO PROCEED.

16. Sec. CI : Amend Section CI 1-3 as : The existing require-
1 - VARIA- : follows: : ment causes delay in
TION ORDERS: : the prosecution of
- CHANGE : : the works and in the
ORDER/EXTRA: : payment to contractors.
WORK ORDER/:
SUPPLEMENT-: 3. For a unit-price contract,
AL AGREE- : quantity overruns or underruns
MENT, p. 25: of not more than (or less
than) fifteen percent (15%) of
the estimates per major pay
item and twenty five percent
(25%) per minor pay item in the
Bill of Quantities need not be
covered by Change Order
provided that the same is
authorized by the APPROVING
AUTHORITY FOR THE CONTRACT
(head of the department/agency/
corporation concerned).

17. Sec. CI : Amend Section CI 4-2 as : The issuance of only
4 -ADVANCE: follows: : an irrevocable stand-
PAYMENT, : : by letter of credit
p.29 : : is stringent and un-
: : affordable particu-

2. The advance payment shall be made only upon the submission to and acceptance by the Government of an irrevocable standby letter of credit of
larly to the small
contractors.

equivalent value from a commercial bank OR A GUARANTEE PAYMENT BOND, CALLABLE ON DEMAND, ISSUED BY A SURETY OR INSURANCE COMPANY DULY LICENSED BY THE OFFICE OF THE INSURANCE COMMISSIONER AND CONFIRMED BY THE IMPLEMENTING AGENCY.

18. Sec. CI : Amend the first sentence as: This will help
5 - PRO- : follows: : improve the cash
GROSS PAY- : : flow position of
MENT, : : the contractors.
p. 29 : 1. ONCE A MONTH OR FOR AN

ACCOMPLISHMENT OF AT LEAST P1.0 MILLION (Periodically, but not more than once each month), the contractor may submit a request for payment for work accomplished.

19. Sec. CI : Amend as follows: : For clarity.
7 - LIQUI- :
DATED
DAMAGES,
p. 30

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.

CT = Contract time plus any time extension duly granted to the contractor, IN CALENDAR DAYS.

20. Sec. CI 7- : Add the following as Section CI: To provide guide-
LIQUIDATED : 7-5: : lines for negotiation
DAMAGES, : : of terminated con-
p. 31 : : tracts.

"5. FOR TERMINATED CONTRACTS WHERE NEGOTIATION WILL BE UNDERTAKEN, THE PROCEDURES PRESCRIBED UNDER SECTION IB 10.4.2-1 SHALL BE ADOPTED."

21. Sec. CI : Amend Section CI 10-d as : For consistency
10- EXTEN- : follows: : with the proposed
SION OF : : amendment under
CONTRACT : : the section on
TIME, p. 32: : Detailed Engineer-
: : ing regarding the
: : preparation/deter-

"4. No extension of contract: mination of con-
time shall be granted when the: tract time.
reason given to support the
request for extension was
already considered in the
determination of the original
contract time during the
conduct of detailed
engineering AND IN THE
PREPARATION OF THE CONTRACT
DOCUMENTS AS PRESCRIBED UNDER
SECTION I.4.J (DETAILED
ENGINEERING) as agreed upon by
the parties before contract
perfection."

22. Sec. CI : Amend Section CI 10-5 as : These are conditions
10- EXTEN- : follows: : beyond the control of
SION OF : : contractors who are
CONTRACT, : : in effect made to
p. 32 : : shoulder the costs

11. Extension of contract: arising from the de-
time shall be granted (only): lays caused by these
FOR RAINY/ UNWORKABLE DAYS: factors.
CONSIDERED UNFAVORABLE FOR THE
PROSECUTION OF THE WORKS AT
THE SITE, BASED ON THE ACTUAL
CONDITIONS OBTAINED AT THE
SITE, FOR SUCH PERIOD IN EXCESS
OF THE NUMBER OF RAINY/UN-
WORKABLE DAYS PRE-DETERMINED BY
THE GOVERNMENT IN ACCORDANCE
WITH SECTION I.4.J HEREOF
(DETAILED ENGINEERING) AND/OR
for the equivalent period of
delay due to major calamities
such as exceptionally
destructive typhoons, floods
and earthquakes, and
epidemics, and for causes such
as non-delivery on time of
materials, working drawings, or
written information to be fur-
nished by the Government, non-
acquisition of permit to enter
private properties within the
right-of-way resulting in
complete paraliziation of cons-
truction activities, and other
meritorious causes as
determined by the Government's
authorized Engineer and
approved by the Government.
SHORTAGE OF CONSTRUCTION
MATERIAL, GENERAL LABOR

STRIKES, AND PEACE AND ORDER PROBLEMS THAT DISRUPT CONSTRUCTION OPERATIONS THROUGH NO FAULT OF THE CONTRACTOR MAY BE CONSIDERED AS ADDITIONAL GROUNDS FOR EXTENSION OF CONTRACT TIME PROVIDED THEY ARE PUBLICLY FELT AND CERTIFIED BY APPROPRIATE GOVERNMENT AGENCIES SUCH AS DTI, DOLE, DILG AND DND, AMONG OTHERS. Provided FURTHER, that ... shall be correspondingly extended.

23. Sec. CI : Insert as Section CI 11.1-5 and: The reason for it
 11 - CON- : adjust the remaining sections: proposal is two-foi
 TRACT PRICE: accordingly: first, it is intend
 ESCALATION,: : to help the contrac
 p. 33 : tors cope with th

"FOR ON-GOING CONTRACTS AS OF: abnormal increases
 31 DECEMBER 1990, THE UNIT: in the cost of cons
 PRICES FOR THE REMAINING: struction materials
 BALANCE OF WORK BASED ON THE: being experienced
 APPROVED/REVISED CONSTRUCTION: today, and second,
 SCHEDULE, INCLUDING ANY TIME: to effect the
 EXTENSION GRANTED, SHALL: application of the
 BE UPDATED USING THE CURRENT: new parametric
 PARAMETRIC FORMULAE TO: formulae uniform-
 JANUARY 1991 PRICES. SUCH: ly once the prices
 UPDATED UNIT PRICES AS OF 01: have been updated
 JANUARY 1991 SHALL BE: to 1 January 1991
 USED AS BASIS FOR COMPUTING: levels.
 REGULAR PROGRESS BILLINGS
 THEREAFTER. ANY PRICE
 ESCALATION AFTER 01 JANUARY
 1991 SHALL BE CALCULATED USING
 THE NEW PARAMETRIC FORMULAE
 HEREIN PRESCRIBED AS APPLIED TO
 THE UPDATED UNIT PRICES AS OF
 01 JANUARY 1991.

24. Sec. CI : Amend Section CI 11.1-7 as: Deletion of the
 11.1 - : follows: limits on frequency
 GUIDELINES: : of price escalation
 ON CON- : : is in consonance
 TRACT : 7. Price escalation shall be with the proposed
 PRICE : reckoned from the month of: amendment that
 ESCALA- : bidding of the project, and: progress payment
 TION, : shall be allowed for every: may be made once
 p. 34 : progress billing (but not: a month or more
 : oftener than once every month): often for at least
 : When the contract has not been: an accomplishment
 : the subject of competitive: of \$1.0 million.
 : bidding, price escalation shall: The last sentence
 : be reckoned from the month:

agreed upon in the contract and shall be granted for every progress billing (but not oftener than once a month). FOR CONSTRUCTION AND RELATED MATERIALS UNDER GOVERNMENT CONTROLLED PRICES, THE COMPUTATION OF PRICE ESCALATION SHALL BE RECKONED FROM THE ACTUAL DATE OF BIDDING OF THE PROJECT, OR THE ACTUAL DATE AGREED UPON IN THE CONTRACT WHEN THE CONTRACT HAS NOT BEEN THE SUBJECT OF COMPETITIVE BIDDING.

25. Sec. CI 11.2 - FLUCTUATION FACTOR, p. 39 :
- : Revise and expand the present fluctuation factors (k) from 18 to 32 (see attached)
 - : The expansion of the number of fluctuation factors from the present 18 to 32 using more specific indices instead of the general wholesale price index shall provide all infrastructure and non-infrastructure offices, agencies/corporations a more comprehensive and accurate basis in the computation of contract price escalation.
 - : The NEDA Committee on Infrastructure (INFRA-COM) has already approved the factors/indices as recommended by the Inter-Agency Committee formed under the IRR of P.D. No. 1594 to review periodically the parametric formulae for the computation of price escalation.
26. Sec. CI 11.2 - FLUCTUATION FACTOR, p. 39 :
- : Amend Section CI 11.2-3 as follows:
 - : For uniformity in the percentage of work item components to be escalated, the constant a which represents contractor's profit and other non-adjustable items should remain fixed at 0.15.
 - : 3. For future contracts, the Office/Agency/Corporation concerned are authorized to update:

these formulae provided that: such updated formulae shall be spelled out clearly in the contract documents, AND PROVIDED FURTHER THAT THE VALUE OF THE CONSTANT "a" IN THE FACTORS REPRESENTING THE CONTRACTOR'S PROFIT AND OTHER ITEMS AS INDICATED IN THE CONTRACT SHALL BE FIXED AT 0.15.

27. Sec. CI :
 11.2 - : For clarity and c
 FLUCTUATION: : tinity in the f
 FACTOR, : :
 p. 40 : formulae.

Where $K > 1.05$, $P = P_0 (K - 0.05)$

Where $0.95 \leq K \leq 1.05$, $P = P_0$

Where $K < 0.95$, $P = P_0 (K + 0.05)$

28. Sec. CI : Add as Section CI 11.2-6 : To provide clear-
 11.2 - : : guideline in the c
 FLUCTUATION: : : putation of pri
 FACTOR, : : : escalations with r
 p. 40 : : : gard to foreign c
 : : : rency component
 : : : of contract prices.

6. FOR THE FOREIGN CURRENCY COMPONENT OF CONTRACT PRICE, PRICE ESCALATIONS SHALL BE COMPUTED USING THE PARAMETRIC FORMULAE IN SECTION CI 11.2-5 WHERE:

P - IS THE ESCALATED UNIT PRICE OF FOREIGN CURRENCY COMPONENT OR ESCALATED AMOUNT OF FOREIGN CURRENCY COMPONENT

P₀ - IS THE ORIGINAL UNIT PRICE OF FOREIGN CURRENCY COMPONENT OR ORIGINAL AMOUNT OF FOREIGN CURRENCY COMPONENT

K - IS THE FLUCTUATION FACTOR COMPUTED USING THE PRICE INDICES IN THE FOREIGN COUNTRY SOURCE OF THE SPECIFIED ADJUSTABLE ITEM OR THE NEAREST RELATED PRICE INDEX IN CASE OF THE ABSENCE OF THE SPECIFIC PRICE INDEX THE PAYABLE PRICE

ESCALATION SHALL BE CONVERTED TO LOCAL CURRENCY AT THE TIME OF THE ACCOMPLISHMENT OF THE WORK.

29. Sec. CI : Add as Section CI 11-2-7 the: This is to provide a
11-2 - : following: : clear-cut guideline in
FLUCTUATION: : the determination of
FACTOR, : : the payable price
p- 40 : : escalation for the
: first progress pay-

7. IN THE COMPUTATION OF PRICE: ment.
ESCALATION FOR THE FIRST
PARTIAL PROGRESS PAYMENT, THE
APPLICABLE FLUCTUATION (K)
FACTOR TO BE ADOPTED SHALL BE
THE AVERAGE OF THE VALUES OF
THE SPECIFIC FLUCTUATION
FACTORS FROM THE DATE OF THE
ISSUANCE OF NOTICE TO PROCEED
TO THE FIRST PARTIAL BILLING,
WHEREIN THE BASE PRICE INDICES
ARE THOSE AT THE MONTH OF
BIDDING FOR CONTRACTS SUBJECTED
TO COMPETITIVE BIDDING OR AT
THE MONTH AGREED UPON IN THE
CONTRACT WHEN THE CONTRACT HAS
NOT BEEN THE SUBJECT OF
COMPETITIVE BIDDING. FOR
CONSTRUCTION AND RELATED
MATERIALS UNDER GOVERNMENT
CONTROLLED PRICES, THE BASE
PRICE INDICES SHALL BE THOSE AT
THE ACTUAL DATE OF BIDDING OF
THE PROJECT, OR THE ACTUAL DATE
AGREED UPON IN THE CONTRACT
WHEN THE CONTRACT HAS NOT BEEN
THE SUBJECT OF COMPETITIVE
BIDDING.

#

25. Section CI 11.2 - FLUCTUATION FACTOR, pp. 36-40

A. Replace the existing 18 fluctuation factors in Section CI 11.2-2 with the proposed 32 fluctuation factors as herein presented and which shall apply to all contracts that will be bid out in 1991:

2. The fluctuation factor and its application in the parametric formula shall include among others, ANY OR COMBINATION OF the following:

1. Common earthwork fluctuation factor for clearing and grubbing, subgrade preparation, common excavation, common borrow, embankment construction, common fill or backfill and select borrow

$$K1 = 0.15 + 0.05 (Li/Lo) + 0.60 (Ei/Eo) + 0.20 (Fi/Fo)$$

2. Rock Excavation Fluctuation Factor

$$K2 = 0.15 + 0.08 (Li/Lo) + 0.27 (Zi/Zo) + 0.12 (Fi/Fo) + 0.38 (Ei/Eo)$$

3. Structural Excavation Fluctuation Factor

$$K3 = 0.15 + 0.08 (Li/Lo) + 0.19 (Fi/Fo) + 0.58 (Ei/Eo)$$

4. Structural Backfill Fluctuation Factor

$$K4 = 0.15 + 0.15 (Li/Lo) + 0.17 (Fi/Fo) + 0.53 (Ei/Eo)$$

5. Daywork Fluctuation Factor for Equipment

$$K5 = 0.15 + 0.05 (Li/Lo) + 0.20 (Fi/Fo) + 0.60 (Ei/Eo)$$

6. Daywork Fluctuation Factor for Labor

$$K6 = 0.15 + 0.85 (Li/Lo)$$

7. Graded Subbase or Base Course Fluctuation Factor Using Screened or Processed Aggregate, Granular Materials, Crushed Adobe or the Like

$$K7 = 0.15 + 0.02 (Li/Lo) + 0.62 (Bi/Bo) + 0.05 (Fi/Fo) + 0.16 (Ei/Eo)$$

8. Asphaltic Materials Fluctuation Factor for Prime or Tack Coat

$$K8 = 0.15 + 0.01 (Li/Lo) + 0.82 (Ai/Ao) + 0.01 (Fi/Fo) + 0.01 (Ei/Eo)$$

9. Asphaltic Concrete Fluctuation Factor for Bituminous Wearing or Surface Course

$$K9 = 0.15 + 0.01 (Li/Lo) + 0.62 (Ai/Ao) + 0.12 (Bi/Bo) + 0.03 (Fi/Fo) + 0.07 (Ei/Eo)$$

10. Portland Cement Concrete Pavement (PCCP) Fluctuation Factor

$$K10 = 0.15 + 0.02 (Li/Lo) + 0.47 (Ci/Co) + 0.21 (Bi/Bo) + 0.02 (Di/Do) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)$$

11. Concrete Fluctuation Factor for Curb, Gutter and Sidewalk

$$K11 = 0.15 + 0.06 (Li/Lo) + 0.36 (Ci/Co) + 0.16 (Bi/Bo) + 0.03 (Di/Do) + 0.06 (Fi/Fo) + 0.18 (Ei/Eo)$$

12. Reinforced Concrete Structures Fluctuation Factor for Bridge, Culvert, Retaining Wall, Bulkhead, Piles, Precast, Parapet Wall, Railing, Footing, Columns, Supporting Slab and Beam

$$K12 = 0.15 + 0.03 (Li/Lo) + 0.28 (Ci/Co) + 0.13 (Bi/Bo) + 0.03 (Di/Do) + 0.25 (Ri/Ro) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)$$

13. Reinforced Concrete Structures Fluctuation Factor for Headwall, Catchbasin, Manhole, Drop Inlet Concrete Post

$$K13 = 0.15 + 0.21 (Li/Lo) + 0.25 (Ci/Co) + 0.03 (Di/Do) + 0.19 (Ri/Ro) + 0.09 (Bi/Bo) + 0.02 (Fi/Fo) + 0.06 (Ei/Eo)$$

14. Reinforced Concrete Pipe (RCP) or Culvert Pipe (RCCP) Fluctuation Factor

$$K14 = 0.15 + 0.05 (Li/Lo) + 0.61 (Qi/Qo) + 0.02 (Ci/Co) + 0.01 (Bi/Bo) + 0.04 (Fi/Fo) + 0.12 (Ei/Eo)$$

15. Non-Reinforced Concrete Pipes Fluctuation Factor

$$K15 = 0.15 + 0.13 (Li/Lo) + 0.69 (Qi/Qo) + 0.02 (Ci/Co) + 0.01 (Bi/Bo)$$

16. Concrete for Structure Class A or B Fluctuation Factor
- $$K_{16} = 0.15 + 0.03 (L_i/L_o) + 0.41 (C_i/C_o) + 0.19 (B_i/B_o) + 0.09 (D_i/D_o) + 0.04 (F_i/F_o) + 0.09 (E_i/E_o)$$
17. Grouted Rip-rap or Stone Masonry Fluctuation Factor
- $$K_{17} = 0.15 + 0.18 (L_i/L_o) + 0.27 (C_i/C_o) + 0.13 (B_i/B_o) + 0.07 (F_i/F_o) + 0.20 (E_i/E_o)$$
18. Concrete Masonry (CHB) Fluctuation Factor
- $$K_{18} = 0.15 + 0.33 (L_i/L_o) + 0.30 (D_i/D_o) + 0.13 (C_i/C_o) + 0.04 (B_i/B_o) + 0.01 (F_i/F_o) + 0.04 (E_i/E_o)$$
19. Reinforcing Steel Bars Fluctuation Factor
- $$K_{19} = 0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$$
20. Structural Steel Works Fluctuation Factor
- $$K_{20} = 0.15 + 0.03 (L_i/L_o) + 0.71 (S_i/S_o) + 0.03 (F_i/F_o) + 0.08 (E_i/E_o)$$
21. Demolition of Concrete Structure Fluctuation Factor
- $$K_{21} = 0.15 + 0.07 (L_i/L_o) + 0.20 (F_i/F_o) + 0.58 (E_i/E_o)$$
22. Demolition of RCCP Strip Fluctuation Factor
- $$K_{22} = 0.15 + 0.09 (L_i/L_o) + 0.19 (F_i/F_o) + 0.57 (E_i/E_o)$$
23. Demolition AC Pavement Strip Fluctuation Factor
- $$K_{23} = 0.15 + 0.05 (L_i/L_o) + 0.20 (F_i/F_o) + 0.60 (E_i/E_o)$$
24. Painting Fluctuation Factor with Use of Equipment
- $$K_{24} = 0.15 + 0.28 (L_i/L_o) + 0.48 (N_i/N_o) + 0.02 (F_i/F_o) + 0.07 (E_i/E_o)$$
25. Painting Fluctuation Factor Using Labor Only
- $$K_{25} = 0.15 + 0.19 (L_i/L_o) + 0.66 (N_i/N_o)$$

26. Wood Structure Fluctuation Factor for Falsework, Temporary Wood Bridge, Wood Guardrail

$$K26 = 0.15 + 0.06 (Li/Lo) + 0.63 (Di/Do) + 0.04 (Fi/Fo) + 0.12 (Ei/Eo)$$

27. Carpentry Works Fluctuation Factor

$$K27 = 0.15 + 0.15 (Li/Lo) + 0.62 (Di/Do) + 0.02 (Fi/Fo) + 0.06 (Ei/Eo)$$

28. Cast and/or Galvanized Iron Pipes Fluctuation Factor

$$K28 = 0.15 + 0.02 (Li/Lo) + 0.78 (Ii/Io) + 0.01 (Fi/Fo) + 0.04 (Ei/Eo)$$

29. Steel Pipes Fluctuation Factor

$$K29 = 0.15 + 0.03 (Li/Lo) + 0.69 (Ii/Io) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)$$

30. Asbestos Cement Pipes Fluctuation Factor

$$K30 = 0.15 + 0.02 (Li/Lo) + 0.77 (Ki/Ko) + 0.02 (Fi/Fo) + 0.04 (Ei/Eo)$$

31. PVC Pipes Fluctuation Factor

$$K31 = 0.15 + 0.07 (Li/Lo) + 0.69 (Ji/Jo) + 0.02 (Fi/Fo) + 0.07 (Ei/Eo)$$

32. Gate Valves and Fire Hydrants Fluctuation Factor

$$K32 = 0.15 + 0.04 (Li/Lo) + 0.77 (Ii/Io) + 0.01 (Fi/Fo) + 0.03 (Ei/Eo)$$

33. Check Valves Fluctuation Factor

$$K33 = 0.15 + 0.03 (Li/Lo) + 0.79 (Pi/Po) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)$$

34. Water Service Connection Fluctuation Factor

$$K34 = 0.15 + 0.10 (Li/Lo) + 0.40 (Pi/Po) + 0.35 (Ji/Jo)$$

35. Plumbing Fixtures Fluctuation Factor

$$K35 = 0.15 + 0.08 (Li/Lo) + 0.77 (Pi/Po)$$

36. Plain and Corrugated G.I. Sheets Fluctuation Factor

$$K36 = 0.15 + 0.09 (Li/Lo) + 0.76 (Wi/Wo)$$
37. Cement Plaster Fluctuation Factor

$$K37 = 0.15 + 0.38 (Li/Lo) + 0.37 (Ci/Co) + 0.10 (Bi/Bo)$$
38. Marble Floor Finish Fluctuation Factor

$$K38 = 0.15 + 0.07 (Li/Lo) + 0.03 (Ci/Co) + 0.01 (Bi/Bo) + 0.65 (Xi/Xo) + 0.03 (Fi/Fo) + 0.06 (Ei/Eo)$$
39. Glazed and Ceramic Tiles Fluctuation Factor

$$K39 = 0.15 + 0.12 (Li/Lo) + 0.66 (Xi/Xo) + 0.05 (Ci/Co) + 0.02 (Bi/Bo)$$
40. Window Frames and Grills Fluctuation Factor

$$K40 = 0.15 + 0.09 (Li/Lo) + 0.53 (Si/So) + 0.06 (Fi/Fo) + 0.17 (Ei/Eo)$$
41. Glazing Fluctuation Factor

$$K41 = 0.15 + 0.03 (Li/Lo) + 0.82 (Gi/Go)$$
42. Electrical Rough-In Fluctuation Factor

$$K42 = 0.15 + 0.16 (Li/Lo) + 0.69 (Vi/Vo)$$
43. Lighting Fixtures & Devices Fluctuation Factor

$$K43 = 0.15 + 0.13 (Li/Lo) + 0.72 (Ui/Uo)$$
44. PVC Waterstop (9") Fluctuation Factor

$$K44 = 0.15 + 0.03 (Li/Lo) + 0.82 (Ji/Jo)$$
45. Electrical Wood Pole Fluctuation Factor

$$K45 = 0.15 + 0.01 (Li/Lo) + 0.73 (Di/Do) + 0.03 (Fi/Fo) + 0.08 (Ei/Eo)$$
46. Wood Crossarm Fluctuation Factor

$$K46 = 0.15 + 0.11 (Li/Lo) + 0.74 (Di/Do)$$
47. Lighting Arrester (3,000v to 15,000v) Fluctuation Factor

$$K47 = 0.15 + 0.09 (Li/Lo) + 0.76 (Ti/To)$$

48. Transformers (10 KVA to 50 KVA) Fluctuation Factor

$$K48 = 0.15 + 0.01 (L_i/L_o) + 0.81 (T_i/T_o) + 0.01 (F_i/F_o) + 0.02 (E_i/E_o)$$

49. Bare Copper Wire Fluctuation Factor

$$K49 = 0.15 + 0.04 (L_i/L_o) + 0.79 (T_i/T_o) + 0.01 (F_i/F_o) + 0.01 (E_i/E_o)$$

50. Bare Aluminum Wire Fluctuation Factor

$$K50 = 0.15 + 0.13 (L_i/L_o) + 0.69 (T_i/T_o) + 0.01 (F_i/F_o) + 0.02 (E_i/E_o)$$

51. Dredging Fluctuation Factor

$$K51 = 0.15 + 0.06 (L_i/L_o) + 0.20 (F_i/F_o) + 0.59 (E_i/E_o)$$

52. General Construction Fluctuation Factor (for others not covered by any or combination of the above 51 fluctuation factors)

$$K52 = 0.15 + 0.85 (M_i/M_o)$$

Where:

M_i - Current General Construction Price Index Figure

M_o - Base General Construction Price Index Figure

L_i - Current Labor Index Figure

L_o - Base Labor Index Figure

E_i - Current Equipment Index Figure

E_o - Base Equipment Index Figure

A_i - Current Asphaltic Material Price Index Figure

A_o - Base Asphaltic Material Price Index Figure

B_i - Current Aggregates Material Price Index Figure

B_o - Base Aggregates Material Price Index Figure

C_i - Current Cement Material Price Index Figure

C_o - Base Cement Material Price Index Figure

D_i - Current Lumber Material Price Index Figure

- Do - Base Lumber Material Price Index Figure
- Fi - Current Automotive Fuel Price Index Figure
- Fo - Base Automotive Fuel Price Index Figure
- Gi - Current Glass and Glazing Material Price Index Figure
- Go - Base Glass and Glazing Material Price Index Figure
- Hi - Current Hardware Material Price Index Figure
- Ho - Base Hardware Material Price Index Figure
- Ii - Current Galvanized and/or Cast Iron Pipe (Plumbing) Material Price Index Figure
- Io - Base Galvanized and/or Cast Iron Pipe (Plumbing) Material Price Index Figure
- Ji - Current Polyvinyl Chloride Pipe (Plumbing) Material Price Index Figure
- Jo - Base Polyvinyl Chloride Pipe (Plumbing) Material Price Index Figure
- Ki - Current Asbestos Cement Pipe (Plumbing) Material Price Index Figure
- Ko - Base Asbestos Cement Pipe (Plumbing) Material Price Index Figure
- Ni - Current Paint Material Price Index Figure
- No - Base Paint Material Price Index Figure
- Pi - Current Plumbing Fixture Material Price Index Figure
- Po - Base Plumbing Fixture Material Price Index Figure
- Qi - Current Concrete Products Material Price Index Figure
- Qo - Base Concrete Products Material Price Index Figure
- Ri - Current Reinforcing Steel Material Price Index Figure
- Ro - Base Reinforcing Steel Material Price Index Figure
- Si - Current Structural Steel Material Price Index Figure
- So - Base Structural Steel Material Price Index Figure

Ti	-	Current Exterior Electrical Material Price Index Figure
To	-	Base Exterior Electrical Material Price Index Figure
Ui	-	Current Electrical Fixtures/Devices Material Price Index Figure
Uo	-	Base Electrical Fixtures/Devices Material Price Index Figure
Vi	-	Current Electrical (Rough-In) Material Price Index Figure
Vo	-	Base Electrical (Rough-In) Material Price Index Figure
Wi	-	Current Metal Products Material Price Index Figure
Wo	-	Base Metal Products Material Price Index Figure
Xi	-	Current Tile Work Material Price Index Figure
Xo	-	Base Tile Work Material Price Index Figure
Zi	-	Current Blasting Material Price Index Figure
Zo	-	Base Blasting Material Price Index Figure

B. Replace Section CI 11-2-4 with the following:

4. The following Price Indices shall be used:

General Construction Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Labor Cost Index as published by the Department of Labor and Employment.

Equipment Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Asphaltic Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Aggregates Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Cement Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Lumber Material Price Index as published by the National
Statistics Office (NSO) or other appropriate/authorized
government agency.

Automotive Fuel Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Glass and Glazing Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Hardware Material Price Index as published by the National
Statistics Office (NSO) or other appropriate/authorized
government agency.

Galvanized and/or Cast Iron Pipe (Plumbing) Material Price
Index as published by the National Statistics Office (NSO)
or other appropriate/authorized government agency.

Polyvinyl Chloride Pipe (Plumbing) Material Price Index as
published by the National Statistics Office (NSO) or other
appropriate/authorized government agency.

Asbestos Cement Pipe (Plumbing) Material Price Index as
published by the National Statistics Office (NSO) or other
appropriate/authorized government agency.

Paint Material Price Index as published by the National
Statistics Office (NSO) or other appropriate/authorized
government agency.

Plumbing Fixture Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Concrete Products Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Reinforcing Steel Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Structural Steel Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Exterior Electrical Material Price Index as published by the
National Statistics Office (NSO) or other
appropriate/authorized government agency.

Electrical (Rough-In) Material Price Index as published by
the National Statistics Office (NSO) or other
appropriate/authorized government agency.

Electrical Fixtures/Devices Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Metal Product Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Tile Work Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

Blasting Material Price Index as published by the National Statistics Office (NSO) or other appropriate/authorized government agency.

In the absence of any price index for a specified adjustable item, the nearest related price index shall be used.

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