

IMPLEMENTING RULES & REGULATIONS OF PD 1594 (POLICIES, GUIDELINES, RULES & REGULATIONS FOR GOVERNMENT INFRASTRUCTURE CONTRACTS)

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Attached is Memorandum dated July 7, 2000 of Assistant Secretary Ma. Eleanor F. Dela Cruz, Department of Finance endorsing the Implementing Rules & Regulations (IRR) of PD 1594 (Text available at Office of the National Administrative Register, U.P. Law Complex, Diliman, Quezon City) as approved by Office of the President per Letter dated 24 May 2000 of Senior Deputy Executive Secretary Ramon B. Cardenas.

For your information.

Adopted: 20 July 2000

(SGD.) JULITA S. MANAHAN

Deputy Commissioner, Internal Administration Group

May 24, 2000

Attachment:

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:

(SGD.) RAMON B. CARDENAS
Senior Deputy Executive Secretary

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