



Republika ng Pilipinas  
KAGAWARAN NG PAGAWAIN AT LANSANGANG PAMBAYAN  
TANGGAPAN NG KALIHIM  
Maynila

097-13 - 09011  
09-13-2000



September 13, 2000

DEPARTMENT ORDER)

SUBJECT: Implementing Rules and Regulations  
(IRR) of Republic Act No. 8794

No. 161  
Series of 2000 11/13/2000

Enclosed, for the guidance of and compliance by all concerned, are copies of (a) R.A. 8794 (An Act Imposing A Motor Vehicle User's Charge on All Types of Motor Vehicles And For Other Purposes), (b) the Implementing Rules and Regulations (IRR) of the said Act, and (c) Amendment No. 1 of the said IRR dated 22 August 2000.

  
GREGORIO I. VIGILAR  
Secretary

# NEWSCLIPPINGS

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NAME OF NEWSPAPER: KALIBUTAN

DATE: DEC 14, 2000

PAGE: 10



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

DEPARTMENT OF PUBLIC WORKS  
AND HIGHWAYS

DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS

(IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 8794  
(AN ACT IMPOSING A MOTOR VEHICLE USER'S CHARGE ON OWNERS OF  
ALL TYPES OF MOTOR VEHICLES AND FOR OTHER PURPOSES))

### AMENDMENT NO. 2 DATED 07 DECEMBER 2000

Article I, Section 8 (b), page 7 of the Implementing Rules and Regulations, dated 16 August 2000, entitled "Expenditures by the Board," shall read as follows:

"Expenditures by the Board. Each year, there shall be payable out of the special trust accounts all costs and expenses of the Board arising out of the performance of its functions and duties and the exercise of its powers under R.A. No. 8794 and its IRR. The Board is hereby authorized to allocate not more than one percent (1%) of the Special Road Funds for the annual administrative and other overhead expenses of the Board, (and) its secretariat, THE DPWH ROAD PROGRAM OFFICE ESTABLISHED UNDER SECTION 12 HEREOF AND THE DOTC SPECIAL VEHICLE POLLUTION CONTROL FUND COMMITTEE ESTABLISHED UNDER SECTION 15 HEREOF, in addition to any allocations for such purposes from regular DPWH and DOTC funds as the DPWH and DOTC Secretaries may deem appropriate."

Note: Capitalized words are to be inserted; bracketed word is to be deleted.

(Sgd.) GREGORIO H. VIGILAN (Sgd.) VICENTE C. HIVERA, JR.  
Secretary Secretary

REPUBLIC OF THE PHILIPPINES  
ROAD BOARD

DEPARTMENT OF PUBLIC WORKS  
AND HIGHWAYS

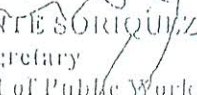
DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS

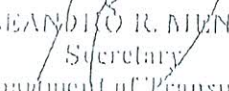
IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 8794  
(AN ACT IMPOSING A MOTOR VEHICLE USER'S CHARGE ON ALL TYPES  
OF MOTOR VEHICLES AND FOR OTHER PURPOSES)

AMENDMENT NO. 3 DATED 29 SEPTEMBER 2003

As authorized by the Road Board during its meeting on 29 September 2003, Section 9 (h) of the abovementioned Implementing Rules and Regulations is hereby amended to read as follows:

"(h) Expenditure by DPWH Subject to Competitive Bidding Procedure. No expenditure in respect of any project or activity carried out by DPWH under R.A. 8794 shall be made unless the expenditure relates to an approved project or activity, the price of which has been determined by a competitive bidding procedure approved by the Board, except for those projects or activities to be implemented, *by administration, by departmental staff or by Local Government Units determined by DPWH as technically capable of undertaking the said projects or activities by administration*, within a ceiling amount to be set in the AWP."

  
FLORENTINO S. SORIANO  
Secretary  
Department of Public Works  
and Highways

  
LEANDITO R. MENDOZA  
Secretary  
Department of Transportation  
and Communications







Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila

097.13 DPWH  
05-09-2005

MAY 06 2005

DEPARTMENT ORDER )

No **59** )

series of 2005 **05-09-05**  
XXXXXXXXXXXXXXXXXXXX

SUBJECT: Guidelines for the Implementation  
of DPWH Projects by LGUs under  
the Special Local Road Fund of  
R.A. No. 8794 or the MVUC Law

**1. PURPOSE**

This Department Order sets the guidelines, including rules and procedures, to be followed by all concerned in the implementation of DPWH Projects under the Special Local Road Fund (SLRF), pursuant to the provisions of R.A. No. 8794, the Motor Vehicle User's Charge (MVUC) Law.

**2. PERTINENT LAWS**

The following provisions of existing laws serve as legal bases for the herein guidelines on the implementation by Local Government Units (LGUs) of DPWH Projects under the Special Local Road Fund (SLRF):

- a. Section 1 of Republic Act No. 8794, the Motor Vehicle User's Charge Law (MVUC Law), which states that "it is the policy of the State to provide for and ensure the adequate maintenance of national and provincial roads through sufficient funding for the purpose".
- b. Section 7 of the said Act, which states that "all monies collected under this Act shall be earmarked solely and used exclusively (1) for road maintenance and the improvement of road drainage, (2) for the installation of adequate and efficient traffic lights and road safety devices, and (3) for air pollution control." It further provides that five percent (5%) of the all monies collected shall be deposited in the National Treasury under the Special Local Road Fund (SLRF), which shall be apportioned to provincial and city governments in accordance with the vehicle population and size of the road network under their respective jurisdictions, and shall be used exclusively for maintenance of local roads, traffic management and road safety devices. It also directs that the Special Road Support Fund, Special Local Road Fund and Special Road Safety Fund shall be under the responsibility of DPWH.
- c. Sections 3 and 5 of Executive Order No. 124, dated 30 January 1987, which authorizes the DPWH to decentralize its responsibilities to the fullest extent possible and to delegate to any agency it

determines to have adequate technical capability any of its powers and functions. Consistent with this policy of decentralization, the DPWH shall assist the LGUs in developing the latter's capabilities by allowing them greater participation in the road maintenance and safety provisions.

### 3. SCOPE OF WORK

- 3.1 As specified in the Road Board Operating Procedures Manual, projects eligible under the SLRF Program are road maintenance, road safety devices and traffic management projects along Local Roads (Provincial and City Roads). Projects/activities shall be limited to any of the following outputs and work categories:

<u>OUTPUT</u>	<u>WORK CATEGORY</u>
a. Carriageway Maintenance	Pavement Maintenance Regravelling Bridge and Structure Maintenance
b. Roadside Maintenance	Shoulder Maintenance Drainage Maintenance Vegetation Control Traffic Services Maintenance
c. Preventive Maintenance	Pavement Resurfacing Concrete Reblocking Seal Widening Preventive Works
d. Rehabilitation and Improvement	Rehabilitation Drainage Improvement Rehabilitation plus Improvement
e. Emergency Reinstatement	Emergency Reinstatement
f. Road Management	Professional Services and Administration
g. Road Safety	Safety Devices (Installation and Operation) Safety Projects Road Safety Education & Training Road Safety Management

- 3.2 The LGU shall prepare an Annual Work Program (AWP) and Multi-Year Work Program (MWP) to ensure an ultimately current situation with no backlog in local roads maintenance. In preparing the AWP and rolling MWPs, both the



LGU regular funds for road maintenance and Special Local Road Fund shall be taken into account. As much as possible, recurring maintenance projects shall first be sourced from the LGU regular road maintenance fund while non-recurring (asset preservation) projects shall be funded from the Special Local Road Fund.

- 3.3 The Annual Work Program containing eligible Work Outputs and Categories in the required formats, shall be prepared by the Provincial/City Engineer's Office and approved by the Governor/City Mayor. The LGUs' AWP's shall be submitted, reviewed and consolidated by the Department of the Interior and Local Government (DILG) and furnished to the DPWH-Road Program Office (DPWH-RPO).

#### **4. MEMORANDUM OF AGREEMENT**

Every SLRF project to be undertaken by an LGU in accordance with the provisions of this Department Order shall be covered by a Project Memorandum of Agreement (MOA) to be entered into by and between the DPWH and the LGU concerned, using the format in Annex "1".

#### **5. RELEASE OF FUND AND DEPOSIT**

- 5.1 Each LGU shall maintain a separate Trust Account to be known as the Road Fund Disbursement Account by opening a Local Currency Current Account (LCCA) in the authorized government depository bank preferably, Land Bank of the Philippines and provide DPWH, copy furnished the DILG, with the LCCA Number to facilitate the transfer of fund.
- 5.2 Upon receipt of Sub-Allotment Advice (SAA) from DPWH- Central Office corresponding to the amount approved by the Road Board for SLRF for the year, the DPWH shall release the funds to LGUs thru Letter of Advice of Allotment (LAA) and the corresponding cash advance in the form of check based on the amount approved by the Road Board as per Annual Work Program for each province/city.
- 5.3 The LGU shall deposit all monies from SLRF in the LCCA mentioned in paragraph 5.1 hereof.
- 5.4 Each LGU shall submit a quarterly Report of Expenditure to DPWH DEO, copy furnished the DILG-Office of the Project Development Services (DILG-OPDS) within fifteen (15) days after the end of each quarter. The disbursement report must be duly certified by the Provincial/City Accountant and Provincial Governor/City Mayor and duly verified by the Provincial/City Auditor. Any unexpended amount after the project completion shall be remitted to DPWH. Succeeding release of SLRF to each LGU shall be made only after full liquidation of previous cash advance issued to the province/city. The LGU shall be made fully accountable for all funds for the project(s) released to it by the DPWH.

## 6. PROJECT IMPLEMENTATION, MONITORING AND REPORTING

- 6.1 The LGUs shall implement the SLRF project/s by Contract thru competitive bidding, except for LGUs determined by DPWH to have a demonstrated capability to implement the project by itself, i.e., by Administration. Pursuant to Amendment No. 3 dated 29 September 2003 of the IRR of the MVUC Law and in accordance with DPWH Department Order No. 137 series of 1999 under Section 5, the DPWH District Engineer shall evaluate the capability of LGU on the basis of the following criteria:
  - a. Maintenance condition of local roads under the LGU;
  - b. Construction/maintenance experience or track record of the LGU relevant to the proposed Project;
  - c. Organization and personnel of the LGU for the proposed Project;
  - d. Construction equipment of the LGU for the proposed Project; and
  - e. Financial and procurement management systems of the LGU.
- 6.2 The details of these evaluation criteria, including the measurable indicators thereof and their application, are given in the prescribed evaluation format in Annex "A", which shall be approved by the District Engineer.
- 6.3 The DPWH-DEO/RO shall inspect from time to time the progress of project implementation.
- 6.4 The LGU concerned shall submit to DPWH-DEO quarterly accomplishment reports on the project/s, copies furnished the DILG-OPDS. DPWH-DEO shall submit the quarterly progress reports to the DPWH-RPO thru the DPWH-RO.
- 6.5 The DPWH and LGU shall conduct a final inspection of each of the completed project(s) and shall issue a Joint Certificate of Completion for each.
- 6.6 After the completion of all projects included in the allotment for the year, the LGU shall prepare all reports on project implementation and submit a consolidated Annual Report to the DPWH DEO not later than 20<sup>th</sup> of February of each year.
- 6.7 The DILG shall assist the DPWH-RPO in administering/overseeing the implementation and utilization of SLRF at the LGU level in accordance with the prescribed policies and standards under the MVUC Law and its IRR.

This Department Order takes effect immediately.

HERMOGENES E. EBBANE, JR.  
Acting Secretary

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AUG 03 2008

Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila

297. 13 DPWH  
28-07-2008

DEPARTMENT ORDER ) SUBJECT: Amending the Revised Guidelines in the  
No. 42 }  
Series of 2008 }  
Jed. H. - 08 }

Implementation of Special Local Road Fund of RA 8794, per Department Order No. 24 series of 2006 and other Pertinent Provisions in the Road Board Operating Procedures Manual series of 2001.

In order to strengthen the implementation of LGU Projects using Special Local Road Fund (SLRF) under the MVUC, particularly in the identification of implementing units undertaking the projects, the following clarificatory guidelines are hereby issued:

A. MODE OF IMPLEMENTATION

As a general policy, the implementation of projects under the SLRF shall be undertaken by the concerned LGU, either by contract thru competitive bidding or by administration, provided that it has already shown a track record of performance and technical capability in undertaking such projects as certified by the District Engineer concerned in accordance with DO 137 of 1999 (Guidelines for the Implementation of DPWH Projects by LGUs), and pursuant to Amendment No. 3 of the IRR of RA 8794.

However, as an alternative, SLRF projects may be implemented by the DPWH Regional or District Engineering Offices (RO/DEO) where the project is located, in case the concerned LGU issued a waiver to implement or when the concerned LGU has not implemented the project after six (6) months upon receipt of the funding check.

B. MEMORANDUM OF AGREEMENT

In cases where the SLRF Project is to be implemented by the LGU, a Project Memorandum of Agreement (MOA) shall be entered into by and between the DPWH and the LGU concerned, using the format herein attached as Annex "I". However, a MOA is no longer necessary if the RO/DEO will implement the project.

C. REPEALING CLAUSE

This Department Order amends pertinent provisions of DO No. 24 of 2006, accordingly and other previous issuances inconsistent herewith.

This Department Order shall take effect immediately.

HERMOGENES E. ERDANE, JR.  
Secretary



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Republic of the Philippines  
DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**OFFICE OF THE SECRETARY**  
Manila

057-13 DPWH

05-17-2011

**MAY 16 2011**

DEPARTMENT ORDER ) SUBJECT: **REVISED GUIDELINES ON THE**  
NO. 29 ) **PREPARATION OF APPROVED**  
Series of 2011 MX-BA 05-17-11 ) **BUDGET FOR THE CONTRACT**

The policies, rules and procedures relative to the preparation of the "Approved Budget for the Contract" (ABC) previously prescribed under Department Order No. 12, Series of 2011, are hereby revised/reiterated.

The ABC shall be prepared on the basis of the design for the project which has been duly approved by authorized officials in accordance with existing regulations.

All items of work to be used in preparing the ABC shall conform to the Standard Specifications for Highways and Bridges, revised 2004, Standard Specifications for Public Works, 1995, and approved Special Specifications for the project.

The ABC shall be composed of the Direct Cost and the Indirect Cost.

A. The Direct Cost shall consist of the following:

A.1 Cost of materials to be used in doing the work item called for, which shall include, inter alia, the following:

A.1.1 Cost at source, including processing, crushing, stockpiling, loading, royalties, local taxes, construction and/or maintenance of haul roads, etc.

A.1.2 Expenses for hauling to project site.

A.1.3 Handling expenses.

A.1.4 Storage expenses.

A.1.5 Allowance for waste and/or losses, not to exceed 5% of materials requirement.

A.2 Cost of Labor:

A.2.1 Salaries and wages, as authorized by the Department of Labor and Employment.

A.2.2 Fringe benefits, such as vacation and sick leaves, benefits under the Workmen's Compensation Act, GSIS and/or SSS contributions, allowances, 13<sup>th</sup> month pay, bonuses, etc.

### A.3 Equipment Expenses

A.3.1 Rental of equipment which shall be based on the prevailing "Associated Construction Equipment Lessors, Inc." (ACEL) rental rates approved for use by the DPWH (Presently it is the 2009 ACEL Rates). Rental rates of equipment not indicated in the ACEL booklet shall be taken from the rental rates prepared by the Bureau of Equipment. For simplicity in computation, the operated rental rates are preferred over the bare rental rates as the former includes operator's wages, fringe benefits, fuel, oil, lubricants and equipment maintenance. The make, model and capacity of the equipment should be indicated in the detailed unit cost analysis.

A.3.2 Mobilization and demobilization, shall be treated as a separate pay item. It shall be computed based on the equipment requirements of the project stipulated in the proposal and contract booklet. In no case shall mobilization and demobilization exceed 1% of the Estimated Direct Cost (EDC) of the civil works items.

### B. The Indirect Cost shall consist of the following:

B.1 Overhead Expenses - ranges from 5 - 8% of the EDC, which includes the following:

B.1.1 Engineering and Administrative Supervision.

B.1.2 Transportation allowances.

B.1.3 Office Expenses, e.g., for office equipment and supplies, power and water consumption, communication and maintenance.

B.1.4 Premium on Contractor's All Risk Insurance (CARI).

B.1.5 Financing Cost.


(a) Premium on Bid Security

(b) Premium on Performance Security

(c) Premium on Surety for Advance Payment

(d) Premium on Warranty Bond (one year)

B.2 Contingencies – ranges from 0.5 – 3% of the EDC. These include expenses for meetings, coordination with other stakeholders, billboards, stages during ground breaking & inauguration ceremonies and other unforeseen events.



B.3 Miscellaneous Expenses – ranges from 0.5 - 1% of the EDC. These include laboratory tests for quality control and plan preparation.

B.4 Contractor's Profit Margin – shall be 8% and 12% of the EDC for projects above P5Million and up to P5Million, respectively.

B.5 VAT Component - shall be 12% of the sum of the EDC, OCM and Profit.

NOTE: For the percentage to be used for Nos. B.1, B.2 and B.3, see OCM (Overhead, Contingencies and Miscellaneous) column in the tabulation below.

ESTIMATED DIRECT COST (EDC)	INDIRECT COST % FOR OCM AND PROFIT		TOTAL INDIRECT COST % FOR OCM AND PROFIT
	OCM (% OF EDC)	PROFIT (% OF EDC)	
Up to P5Million	12	12	24
Above P5M up to P50M	9	8	17
Above P50M up to P150M	7	8	15
Above P150M	6	8	14

C. The prescribed format for the calculation of the ABC is shown in Attachment "A".

D. Instructions for filling-up the format:


D.1 Columns (1) to (4) are self-explanatory.

D.2 Column (5) is the EDC of the work item as calculated and reflected in the cost analysis prepared by the Estimator.

D.3 Columns (6) and (7) are the mark-ups in percent for OCM and profit.

D.4 Column (8) is the total mark-up, which is the sum of the percentages under columns (6) and (7).

D.5 Column (9) is the Peso value of the total mark-up. It is determined by multiplying the total mark-up on percent in column (8) with the EDC (column 5).






- D.6 Column (10) is the VAT component which is 12% of the sum of columns (5) and (9).
- D.7 Column (11) is the total estimated Indirect Cost which is the sum of columns (9) and (10).
- D.8 Column (12) is the total estimated Total Cost or the sum of columns (5) and (11).
- D.9 Column (13) is the unit cost for each item of works, determined by dividing the estimated Total Cost in column (12) by its total quantity in column (3).
- D.10 Columns (1) thru (5) shall be filled up by the Implementing Office concerned, i.e. the Head of the Project Management Office / Implementing Unit in the case of the Central Office, the Chief of the Construction/Maintenance Division in the case of the Regional Offices, or the Chief of the Construction/Maintenance Section in the case of the District Offices. These officials shall be responsible for the integrity and reasonableness of their estimates vis-à-vis current market prices of materials, equipment and labor, cost-effectiveness of construction methods and equipment, minimum production rates for equipment and labor set by the Department, numbers and types of equipment, materials, labor used and other factors.
- D.11 Columns (6) thru (13) shall be filled by the Bureau of Construction (BOC) in the case of Central Office, the Assistant Regional Director in the case of Regional Office for projects within their delegated authority and the Assistant District Engineer in the case of District Office for projects within their delegated authority. They shall similarly be responsible for the reasonableness and integrity of the calculations. They may revise the submitted estimates if, in their evaluation, the estimates need to be adjusted in accordance with the provisions of this Department Order.

The officials who will finally approve the ABC (i.e., District Engineer/Regional Director/Undersecretary/Secretary) may also cause revisions on these estimates as part of the judicious exercise of their authority.

Since the ABC is to be compared with the Contractor's bid and is the ceiling for acceptable bid prices in accordance with the provision of R.A. 9184, the ABC should be based on the approved Bidding Documents for the contract which contain the same work items and quantities as those to be used by the contractors in preparing their bid.

DPWH estimators shall continuously update their information/statistics on market prices of all construction inputs and use only unit prices that are realistic based on valid up-to-date information, in contrast to guesswork and haphazard pricing. All assumptions in generating the estimate should be shown in the cost analysis.



In all cases, estimates for special items of work (SPL) should be accompanied with plans and specifications, methods of construction, measurements and payments duly approved by the head of the Implementing Office.

All Department Orders, circulars, memoranda and other issuances, or portions thereof that are inconsistent with this Department Order are hereby revoked or amended accordingly.

This Department Order shall take effect immediately.

  
**ROGELIO L. SINGSON**  
Secretary



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PREPARED/SUBMITTED BY:

RECOMMENDING APPROVAL:

APPROVED:

DATE PREPARED: \_\_\_\_\_