



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

097.13 DPWH  
02-01, 2021

JAN 29 2021

DEPARTMENT ORDER)

NO. 09 )  
SERIES OF 2021 )

At 2/1/2021

**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 2021 GAA, DPWH Budget**

Section 15, Special Provisions of the General Appropriations Act (GAA) FY 2021, states that:

*Sec. 15. **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 cost**, to be used for: (i) EAO) expenses or (ii) MOOE :*

- 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 including acquisition of ROW; (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.*

The use of EAO for acquisition of ROW shall be subject to the President's Veto Message, December 28, 2020, Volume I-B, page 847, R.A. No. 11518, to wit:

*On the other hand, the use of the funds authorized for EAO expenses for the acquisition of ROW under DPWH-OSEC, Special Provision No. 15, "Project Related Expenses," Volume I-B, page 3, shall be conditioned on the full exhaustion of the agency's lump sum appropriations for ROW expenses.*

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

**For Foreign-Assisted Projects**

Percentage of Deductions/Retentions from Project Cost				
CO/UPMO	Equipment	RO	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 Cost				
Implementing Office	CO	RO	DEO	Total
Central Office/UPMO – Implemented	2.00%	0.50%	1.00%	3.50%
RO – Implemented	0.50%	2.00%	1.00%	3.50%
DEO – Implemented	0.50%	0.50%	2.50%	3.50%

**For Directly Released to RO and DEO**

Percentage of Deductions/Retentions from Project Cost			
Implementing Office	RO	DEO	Total
RO – Implemented	2.50%		2.50%
DEO – Implemented		2.00%	2.00%

The concerned Undersecretary for Regional/UPMO Operations shall approve all requests for project-related expenses on EAO and authorize the release of funds to the concerned implementing office.

This Order supersedes Department Order No. 49 series of 2020, and shall take effect immediately.

Please be guided accordingly.



**MARK A. VILLAR**  
Secretary

Department of Public Works and Highways  
Office of the Secretary



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