



723

REPUBLIC OF THE PHILIPPINES
MINISTRY OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE MINISTER
MANILA

132

10 March 1983

MINISTRY ORDER)

NO. 17

Series of 1983)

SUBJECT: Partial payment of construction materials delivered at the project site

Many contractors, especially those undertaking big projects, are requesting partial payment of construction materials purchased by them and stored at the project site. It is claimed that the sizeable amount used in the purchase of these materials would adversely affect their cash flow if they are not allowed partial payment thereof.

We have noted that contracts for projects financed fully or partly with foreign loans allow partial payment of materials delivered at the jobsite. Other contracts, however, do not allow the same privilege.

The predicament of these contractors cannot be ignored. Their problem requires immediate solution. While we adopt a sympathetic attitude to this problem, however, we should also provide ample protection of the interest of the government.

In view of the foregoing considerations and in order to help ease the financial difficulties of our contractors, without jeopardizing the interest of the government, the Ministry hereby authorizes partial payment of seventy percent (70%) of the invoiced cost or seventy percent (70%) of the cost of materials in the bid item, whichever is lower, for the following construction materials after delivery at the project site, as certified by the Resident Engineers, to wit:

1. Structural steel
2. Reinforcing Steel bars (cut and bent)
3. Piles

subject to the following conditions:

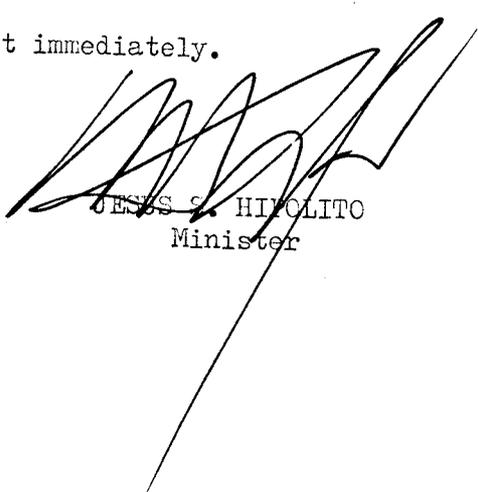
1. That the contractor shall remain principally responsible for the safekeeping of these materials and shall be solely responsible for any loss, damage or injury to them for whatever cause;

Ma
for file
3/15/83

2. That in case of loss, damage or injury, the contractor shall, within reasonable time from receipt of notice, replace such materials at his own cost; otherwise, no further partial payments of materials purchased shall be allowed;
3. That if the aggregate cost of materials partially paid amounts to more than ₱100,000.00, the contractor shall secure an all-risk insurance coverage for these materials from a reputable insurance company acceptable to the government;
4. That partial payments of materials made to the contractor shall be deducted from the cost of completed items of work where such materials have been used.

This policy with respect to existing contracts may be implemented by means of a supplemental agreement or addendum executed by the parties, and all contracts executed hereafter shall incorporate a provision to this effect.

This order shall take effect immediately.



JESUS S. HIPOKITO
Minister