

12.19.2022



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

DEC 19 2022

**DEPARTMENT ORDER** )  
 )  
**NO.** 261 )  
 )  
**Series of 2022** )  
 )  
 dt 12/19/22

**SUBJECT : Subcontracting of DPWH  
 Locally Funded Infrastructure  
 Projects**

Pursuant to the provisions of Section III A.2, Annex I, of the Implementing Rules and Regulations (IRR) of Republic Act (RA) No. 9184, which impose penalties on Contractors for violations committed during the contract implementation stage, particularly for the assignment and subcontracting of an infrastructure contract or any part thereof without prior written approval by the Procuring Entity, all concerned are hereby directed to observe the following specific rules with regard to subcontracting:

1. All subcontracts shall be subject to prior approval of the concerned Heads of the Procuring Entity (Central Office/Regional Office/District Engineering Office) within the limits of their delegated authority to approve the original contracts.
2. Unless otherwise indicated in the Bid Data Sheet in the Bidding Documents (BDs), the Contractor may subcontract portions of the works to such an extent as may be approved by the Procuring Entity which shall not exceed fifty percent (50%) of the contracted works in consonance with Section 7, Instruction to Bidders (ITB) of the Philippine Bidding Documents for Infrastructure Projects (6<sup>th</sup> Edition, July 2020).
3. Each Subcontractor must comply with the eligibility criteria - e.g., applicable license from the Philippine Constructors Accreditation Board, satisfactory completion of works similar to the portion of the contract to be subcontracted and costing at least fifty percent (50%) of the cost of such portion, and sufficient Net Financial Contracting Capacity, as well as minimum equipment and manpower — as specified in the BDs for the portion of the contract works to be subcontracted to the Subcontractor. This requirement does not apply to labor "pakyaw" contracts.
4. The Bidder/General Contractor may identify the Subcontractors to whom portions of the contract works will be subcontracted at any stage of the bidding process or during contract implementation, provided that any subcontracting requires prior approval of the Procuring Entity. If the bidder opts to disclose the name of the Subcontractors during the bid submission, the bidder shall include the required eligibility documents for the Subcontractors as part of the technical component of its bid. Subcontractors identified during the bidding may be changed during the implementation of the contract, subject to compliance with the eligibility requirements and the approval of the Procuring Entity.

5. Subcontracting of any portion of the contract shall not relieve the General Contractor from any liability or obligation that may arise from the contract. The General Contractor shall be responsible for the acts, defaults, and negligence of any Subcontractor, its agents or workmen.
6. In cognizance of the responsibility and accountability of the General Contractor, 100% of the value of the entire completed and accepted project — including the subcontracted portion – shall be recorded as experience of the General Contractor. The Subcontractor shall get credit for 100% of the value of the subcontracted portion of the project.
7. Should delay occurred attributable by the Subcontractor resulting to project contract termination, the Subcontractor shall also be penalized together with the General Contractor in accordance with existing laws, rules and regulations.
8. In case the General Contractor sub-lets any part of the contract works without approval of the authorized DPWH Officials, the Project Engineer shall initiate contract termination as provided in Section III.A.2.c Annex I of the Revised IRR of RA 9184 and D.O. 90 S. 2020.

The Head of the Procuring Entities concerned shall see to it that this Order is strictly enforced. Failure to do so shall, after due process, make them and other officials/employees involved liable to the penalties prescribed for violation of reasonable office rules and regulations in Section 52, C(3) of Civil Service Resolution No. 991936 dated August 31, 1999, otherwise known as the Uniform Rules on Administrative Cases in the Civil Service - i.e.: 1st offense - Reprimand; 2nd offense - Suspension for 1-30 days; and 3rd offense - Dismissal.

This Order supersedes Department Order Nos. 10, series of 2012 and No. 38, series of 2015 and shall take effect immediately.

  
**MANUEL M. BONOAN**  
Secretary

6.1 JFM/ECG/AMD

Department of Public Works and Highways  
Office of the Secretary



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