



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



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**DEPARTMENT ORDER** )  
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**NO.** 92 )  
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**Series of 2025**  
 di 5/22/2025

**SUBJECT: Guidelines and Procedures for all Price Escalation and Extraordinary Contract-Related Claims Manual**

In order to equip the technical staff of the Department and provide a streamlined guidelines in the preparation, submission, and evaluation of price escalation and extraordinary claims and to ensure continuous compliance with existing laws, rules and regulations, and policies, the Guidelines and Procedures for all Price Escalation and Extraordinary Contract-Related Claims Manual is hereby issued for implementation and compliance.

This Order shall supersede Department Order No. 60, Series of 2017 and Department Order No. 78, Series of 2021 and shall take effect immediately.

  
**MANUEL M. BONOAN**  
 Secretary

Department of Public Works and Highways  
 Office of the Secretary  
  
 WIN5W02340

2025



**Guidelines and Procedures  
for all Price Escalation  
and Extraordinary  
Contract–Related Claims  
Manual**

Department of Public Works and Highways

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## LIST OF ACRONYMS

ACEL	Association of Carriers and Equipment Lessors, Inc.
BOC	Bureau of Construction
CMWPI	Construction Materials Wholesale Price Index
COA	Commission on Audit
CTE	Contract Time Extension
CPI	Consumer Price Index
DO	Department Order
DOLE	Department of Labor and Employment
DPWH	Department of Public Works and Highways
DUPA	Detailed Unit Price Analysis
DV	Disbursement Voucher
FIDIC	Federation Internationale des Ingenieurs-Conseils (International Federation of Consulting Engineers)
FMS	Financial Management Services
GPPB	Government Procurement Policy Board
IO	Implementing Office
IRR	Implementing Rules and Regulations
NEDA	National Economic and Development Authority
NCA	Notice of Cash Allocation
PDM	Precedence Diagram Method
PEECRC	Price Escalation and Extraordinary Claims Review Committee
PERT/CPM	Project Evaluation Review Technique/Critical Path Method
PPI	Producer Price Index
PSA	Philippine Statistics Authority
RA	Republic Act
STDEV	Standard Deviation
SO	Special Order
SSS	Social Security System
SWA	Statement of Work Accomplished
UPMO	Unified Project Management Office
VAT	Value Added Tax
VO	Variation Order
WPI	Wholesale Price Index
WSO	Work Suspension Order

## DEFINITION OF TERMS

*Accumulated Interest Amount* – the amount of cumulative interest that is due and not yet paid. Interest that is earned on delayed payment of progress billings accumulated over time before it is paid out.

*ACEL Guidebook* – general and standardized guide on equipment rental rates; used as basis by almost all contractors in the estimate and eventual submission of bids for their respective

projects. The guidebook is also used by contractors to justify cost of escalation relating to the equipment component of projects under evaluation and those affected by sudden price movement of materials.

*Acquisition Cost* – the acquired cost for property or equipment *after adjusting for discounts, incentives, closing costs and other necessary expenditures, but before sales taxes.*

*Advance Payment* – any payment out of the approved contract price made after issuance of Notice to Proceed and prior to execution of Works, Consulting Services or Goods, upon submission of a written request of the Contractors, Consultants or Suppliers, and financial guarantees as required in the Bidding Documents.

*Appraisal* – alternative term of valuation; a valuation of property by the estimate of an authorized person. It is an impartial analysis and evaluation conducted according to established criteria to determine the acceptability, merit or worth of an item.

*Bar Chart* – another term for gantt chart; chart showing the construction time schedule of project activities.

*Bare Rental* – means the applicable Equipment Rental Rates (less operator, cost of fuel, lubricants, maintenance, insurance and repair).

*Bill of Lading* – a detailed list of shipment of goods in the form of a receipt given by the carrier to the person consigning the goods.

*Civil Code of the Philippines* – also known as Republic Act No. 386, an act to ordain and institute the Civil Code of the Philippines. It is the basic law governing: (1) persons and family relations; (2) property, ownership and its modifications; (3) the modes of acquiring ownership; and (4) obligations and contracts.

*Competitive Bidding* – a method of procurement which is open to participation by any interested party and which consists of the following processes: advertisement, pre-bid conference, eligibility screening of prospective bidders, receipt and opening of bids, evaluation of bids, post-qualification, and award of contract.

*Consulting Services* – services for infrastructure projects and other types of projects or activities requiring adequate external technical and professional expertise that are beyond the capability and/or capacity of the agency

*CPI* – refers to the Consumer Price Index issued by the PSA, which measures the monthly changes in the average retail prices of goods and services commonly purchased by a particular group of people in a particular area.

*Critical Path Method (CPM)* – a project management technique that analyzes which activities have the least amount of scheduling flexibility and predicts project duration schedule based on the activities that fall along the "critical path." Activities that lie along the critical path cannot be delayed without delaying the finish time for the entire project.

*Dayworks* - the amount of work during the day prescribed or required on a given job or the legal amount of work in terms of hours as governed by statute or by government.

*Economic Life* – the period over which an asset (machine, property, computer system, etc.) is expected to be usable, with normal repairs and maintenance, for the purpose it was acquired, rented, or leased. Expressed usually in number of years, process cycles, or units produced, it is usually less than the asset's physical life and is the period over which the asset's depreciation is charged. Also called average life, service life, effective life, mean life, or useful life.

*Equipment Utilization Schedule* – the proportion of the estimated time that a piece of equipment or a system is operating up to the completion of the project.

*Extraordinary Circumstances* – refers to an event or occurrence, or series of events or occurrences during contract implementation which give/s rise to price escalation as may be determined by the NEDA, in accordance with the provisions of the Civil Code of the Philippines.

*Extraordinary Inflation or Deflation* – refers to the decrease or increase of the purchasing power of the Philippine currency which is unusual or beyond the common fluctuation in the value of said currency, in accordance with the two (2) standard deviation rule computed under Section 5.2.2 of these Guidelines, and such decrease or increase could not have been reasonably foreseen or was manifestly beyond the contemplation of the parties at the time of the establishment of the obligation.

*FIDIC* – an international standards organization for construction technology and consulting engineering.

*Fluctuation Factor* – a value calculated by multiplying the proportion of an individual adjustable element by the percentage change in the current index figure when compared with the base index figure.

*Fortuitous Event* – an occurrence which cannot be foreseen, or which though foreseen, is inevitable.

*Government Procurement Policy Board* – the regulatory body for Philippine Government Procurement created under Rule XX of Republic Act 9184 Implementing Rules and Regulations.

*Infrastructure Projects* – include the construction, improvement, rehabilitation, demolition, repair, restoration or maintenance of roads and bridges, railways, airports, seaports, communication facilities, civil works components of information technology projects, irrigation, flood control and drainage, water supply, sanitation, sewerage and solid waste management systems, shore protection, energy/power and electrification facilities, national buildings, school buildings, hospital buildings and other related construction project of the government. To be classified as a capital outlay project, the works must extend the life of the asset by more than 1 year.

*Interest Due to Delayed Payment Claim* – it is a claim for payment requested by the contractor whose Progress Billings and/or other payments receivable from the DPWH had been delayed for a certain period of time during the project implementation due to circumstances/causes not attributable to their firm.

*Interest Rate* – expressed as a percentage of principal, the amount charged by a lender to a borrower for the use of assets.

*Legal Parameters* – identification of the legal bases for events that will trigger/result to extraordinary circumstances within the bounds of the Civil Code of the Philippines.

*Manpower Utilization Schedule* – the proportion of the estimated time that the number of personnel is working up to the completion of the project.

*Money claim* – a request or demand for payment for services rendered or goods provided.

*National Economic and Development Authority* – as mandated by the Philippine Constitution, is the country's independent economic development and planning agency. It is headed by the President as the Chairperson of the NEDA board, with the Secretary of Socio-Economic Planning, concurrently NEDA Director-General, as Vice-Chairperson. It is the country's premier socioeconomic planning body, highly regarded as the authority in macroeconomic forecasting and policy analysis and research.

*Notice to Proceed (NTP)* – the document issued by the Head of the Procuring Entity to the winning bidder to proceed with the implementation of the contract specifying the date on which work/services can begin.

*PDM* - a graphical tool used for scheduling activities in a project plan. PDM maps out project development by creating a visual representation of critical paths and dependencies. The primary output of PDM is a project schedule network diagram.

*PPI* – refers to the Producer Price Index, which measures the average change in the unit price of a commodity as it leaves the establishment of the producer.

*Price Escalation* – an adjustment of monetary values made periodically to compensate for fluctuation in costs of construction supplies, materials, equipment, and labor.

*Procuring Entity* – any branch, constitutional commission or office, agency, department, bureau, office, or instrumentality of the GOP (NGA), including GOCC, GFI, SUC and LGU procuring goods, consulting services and infrastructure projects.

*Program Evaluation and Review Technique (PERT)* – a graphic representation of a project's schedule, showing the sequence of tasks, which tasks can be performed simultaneously.

*Progress Payment* – contractor's claim for partial payments of the contract price equivalent to the value of work accomplished. It shall be verified and certified by the DPWH Project Engineer and shall not include for payment of materials and equipment delivered on the job site but not completely put in place as yet, unless such payment is stipulated in the Instruction to Bidders.

*Provisional Sum* – <sup>1</sup>means a sum (if any) which is specified in the Contract as a provisional sum, for the execution of any part of the Works or for the supply of Plant, Materials or services under Sub-Clause 13.5 [Provisional Sum] of FIDIC

<sup>2</sup>It shall be a fixed nominal amount as may be determined by the procuring entity depending on the type of goods to be procured. However, the provisional sum shall not exceed ten

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<sup>1</sup> FIDIC

<sup>2</sup> The Updated 2016 Revised IRR of RA 9184

percent (10%) of the Approved Budget for the Contract (ABC). The provisional sum shall be included in the Annual Procurement Plan.

*RA 9184 – Government Procurement Reform Act (GPRRA)* – prescribes the necessary rules and regulations for the modernization, standardization, and regulation of the procurement activities of the government and for other purposes.

*Recoupment of Advance Payment* – repayment of the advance payment in the form of 15% deductions from the Contractor’s progress payments, as will be determined by the DPWH until fully liquidated thereof.

*Reglementary period* – regulative period; refers to the number of days/months/years within which the party must file pleading to court/tribunal/body. Outside the said period, the court/tribunal/body can deny the acceptance of the filed pleading.

*Salvage Value* – the value which badly depreciated improvements, machines, or equipment would have if dismantled and sold in separate parts or pieces; the value of an asset at the end of its economic life.

*S-Curve* – it provides a quick and effective way to monitor the performance of project by comparing expected and actual results.

*Straight Line Diagram* – it graphically shows the date of occurrence of specific dates such as the date of contract affectivity, expiration date and other vital data of the project such as approved variation orders, approved time suspensions/extensions, if there’s any. It also shows the date of the suspension/resume orders or affected time period subject of the request for contract time extension.

*Technical Parameters* – formulation of an objective mechanism with definite and measurable criteria to obviate and open-ended interpretation of the occurrence of extraordinary circumstances.

*Value-Added Tax (VAT)* – a form of sales tax. It is a tax on consumption levied on the sale, barter, exchange or lease of goods or properties and services in the Philippines and on importation of goods into the Philippine

*WPI* – refers to the Wholesale Price Index, which measures the monthly changes in the general price level of commodities, usually in large quantities, that flow into the wholesale trading system.

# **PRICE ESCALATION AND EXTRAORDINARY CONTRACT – RELATED CLAIMS GUIDELINES**

- I. Price Escalation
- II. Extraordinary Claims
- III. Jurisdiction of the PEECRC

## **Purpose**

These Guidelines are being formulated to meet the following objectives:

1. To prescribe the rules and procedures in requesting price escalation;
2. To ensure that the task mandated under the latest issuance on guidelines of government procurement, Section 61, Appendix 15, and Annex F of R.A. 9184 shall be undertaken competently, objectively and expeditiously for locally-funded projects;
3. To ensure that the task mandated in the General Conditions of Contract or Conditions of Particular Application shall be undertaken competently, objectively and expeditiously by the Department for foreign-assisted projects; and
4. To establish the legal and technical parameters for an objective determination of events that can be considered as extraordinary circumstances in accordance with the Civil Code of the Philippines.

## **Scope and Application**

These Guidelines shall apply only for locally-funded and foreign-assisted infrastructure projects and consulting services.

## I. Price Escalation

### A. For Civil Works, Locally Funded Infrastructure Projects

#### i. Legal Bases

The price escalation for infrastructure projects will be allowed only under extraordinary circumstances in accordance with the Civil Code of the Philippines and pursuant to Section 89 of the IRR of Republic Act No. 12009 otherwise known as “New Government Procurement Act (NGPA)”, and Section 61 and Appendix 15 of the Updated 2016 Revised IRR of Republic Act No. 9184 otherwise known as “Government Procurement Reform Act”.

#### Section 89– Contract Prices of the IRR of Republic Act No. 12009

Sec. 89. For the given scope of work in the contract as awarded, all bid prices shall be considered as fixed prices, and therefore not subject to price escalation during contract implementation. In the event of an extraordinary increase in prices of specific components of the Infrastructure Project, price escalation may be considered, subject to prior approval of the GPPB. If the cost of construction components increases by more than ten percent (10%) of the unit price of work items, as determined against the prevailing price indices of the PSA, a price escalation may be authorized at a no-loss, no-gain basis, using the appropriate formula prescribed by the GPPB. For the purpose of this Section, the PSA shall ensure that its price indices are region-specific and updated on a monthly basis.

The rules and regulations for price escalation, including its appropriate formula, shall be included in the Guidelines to be issued by the GPPB.

#### Section 61– Contract Prices of the Updated 2016 Revised IRR Republic Act No. 9184

Sec. 61.1. For the given scope of work in the contract as awarded, all bid prices shall be considered as fixed prices, and therefore not subject to price adjustment and escalation during contract implementation, except under extraordinary circumstances and upon prior approval of the GPPB, or when a Treaty or International or Executive Agreement expressly allows it pursuant to Section 4 of this IRR.

Sec. 61.2. In cases where the cost of the awarded contract is affected by any applicable new laws, ordinances, regulations, or other acts of the GoP, promulgated after the date of bid opening, a contract price adjustment shall be made or appropriate relief shall be applied on a no loss-no gain basis.

Sec 61.3. Any request for price escalation under extraordinary circumstances shall be submitted by the concerned entity to the National Economic and the Development Authority (NEDA) with the endorsement of the procuring entity. The burden of proving the occurrence of extraordinary circumstances that will allow for price escalation shall rest with the entity requesting for such escalation. NEDA shall only respond to such request after receiving the proof and the necessary documentation.

For purposes of this Section, “extraordinary circumstances” shall refer to events that may be determined by the NEDA in accordance with the Civil Code of the Philippines, and upon the recommendation of the procuring entity concerned.

Sec. 61.4. All contracts shall be denominated and payable in Philippine currency, and this shall be stated in the Bidding Documents: Provided, however, That subject to the guidelines issued by the GPPB, the procuring entity may provide in the Bidding Documents that obligations may be paid in foreign currency, which shall be accepted or tradeable by the Bangko Sentral ng Pilipinas; Provided, further, That should the procuring entity receive bids denominated in foreign currency, the same shall be converted to Philippine currency based on the exchange rate prevailing on the day of the bid opening for purposes of bid comparison and evaluation.

### Chapter 3 – Prescription of Actions of Republic Act No. 386

Article 1144. The following action must be brought within ten years from the time the right of action accrues:

- (1) Upon a written contract;
- (2) Upon an obligation created by law;
- (3) Upon a judgment

### Appendix 15 – Revised Guidelines for Contract Price Escalation:

A request for price escalation shall only be granted if it satisfies the following:

## **1. Two Stage Review Process**

### **1.1 First Stage**

***Legal Parameters:*** This stage shall establish the legal basis for extraordinary circumstances that will allow contract price escalation.

“Extraordinary Circumstances” shall refer to the following articles of the Civil Code of the Philippines:

Article 1174, as it pertains to *Ordinary Fortuitous Events* or those events which ordinarily happen or which could be reasonably foreseen but are inevitable, such as, but not limited to the following:

- a. Typhoons
- b. Thunderstorms
- c. Flooding of lowly areas, and
- d. Vehicular accidents;

Provided that the following requisites are present:

- i. The cause of the extraordinary circumstance must be independent of the will of the parties;
- ii. The event must be either unforeseeable or unavoidable;

- iii. The event must be such as to render it difficult but not impossible for the supplier or contractor to fulfill his obligation in a normal manner or within the contemplation of the parties;
- iv. The supplier or contractor must be free from any participation in or aggravation of the injury to the procuring entity; and
- v. The allowance for price escalation should an ordinary fortuitous event occur is stipulated by the parties or the nature of the obligation requires assumption of risk.

Article 1250, as it pertains to *Extraordinary Inflation or Deflation*, decrease or increase of the purchasing power of the Philippine currency which is unusual or beyond the common fluctuation in the value of said currency.

Article 1680, as it enumerates *Extraordinary Fortuitous Events* or those events which do not usually happen, such as, but not limited to the following:

- a. Fire
- b. War
- c. Pestilence
- d. Unusual flood
- e. Locusts, and
- f. Earthquake

## 1.2 **Second Stage**

***Technical Parameters:*** The request for price escalation shall be further reviewed in accordance with the technical parameters stipulated herein;

Standard Deviation – the escalation in the price of an item, good, or component, as requested, should at least be two (2) standard deviations from the mean calculated based on the historical trend of applicable price indices covering a historical data *of thirty (30) months reckoned from the date of bid opening.*

Price Index – used in computing the mean. Data for a locally available good, item, or component shall be those issued/published by the appropriate entity, e.g. NSO.

Alternative Index – for an international good, item, or component wherein appropriate data is not available from domestic sources, data shall be those issued/published by the appropriate foreign entity.

Ten Percent (10%) Increase – if data is unavailable to establish the two standard deviation parameter, the applicable price index should have registered an increase of more than ten percent (10%), as determined from the prevailing price index at the time of bid opening.

Hierarchy of Index: Wholesale Price Index (WPI), Consumer Price Index (CPI) and Producer Price Index (PPI).

For civil works, PSA has the Construction Materials Wholesale Price Index (CMWPI), WPI, CPI and PPI which are available for download from the PSA website (www.psa.gov.ph).

Since all of the formulas for the computation of K have labor component, data for minimum wage per region is available in the DOLE-NWPC website (www.nwpc.dole.gov.ph).

### 1.3 Detailed Technical Parameters/Applicable Price Indices for Infrastructure Projects

**Detailed Technical Parameters/Applicable Price Indices for Infrastructure Projects** – The detailed computation and validation of price escalation for infrastructure projects shall use the fluctuation factor K representing the increase or decrease of the value of a work item as a result of price fluctuation.

Pursuant to the Revised Guidelines, if the Invitation to Apply for Eligibility and to Bid (IAEB) for the contract was issued prior to the effectivity of said Revised Guidelines (06 November 2008), the 10-year period under the Old Guidelines (19 October 2004) will be used for computing the two standard deviations above the mean (threshold) instead of the 30-month historical period.

The value K varies for each item of work and is represented by the following:

$$K = a + b (X_i/X_o) + c (Y_i/Y_o) + d (Z_i/Z_o) + \dots n (N_i/N_o)$$

*Where:*

a – is a 0.15 fixed coefficient representing contractor's profit, and other non-adjustable items.

b, c, d ... n – are the coefficients representing the proportionate value of each pay item to the total.  $b + c + d \dots + n = 0.85$ .

$X_i, Y_i, Z_i \dots N_i$  – are variables representing the current price indices of the cost of labor, materials and other components of the contract during the period under consideration at the time of the request for price escalation, based on the original or duly approved revised schedule of contract implementation, subject to Section 8, Appendix 15 of R.A. 9184.

$X_o, Y_o, Z_o \dots N_o$  – are variables representing the price indices of the cost of labor, materials and other components of the contract on the date of bid opening or approval of variation order.

The sum of  $a + b + c + \dots + n$  must be equal to 1 (100%).

$$\text{Threshold } K = a + b (X_t) + c (Y_t) + d (Z_t) + \dots n (N_t)$$

$$\text{Average } K = a + b (X_{ave}) + c (Y_{ave}) + d (Z_{ave}) + \dots n (N_{ave})$$

*Where:*

a – is a 0.15 fixed coefficient representing contractor’s profit, and other non-adjustable items.

b, c, d ... n – are the coefficients representing the proportionate value of each pay item to the total.  $b + c + d \dots + n = 0.85$ .

$X_t, Y_t, Z_t \dots N_t$  – are the threshold price indices computed as 2-standard deviation plus mean of price indices of labor, material, and other contract items for a 30-month (New Guidelines) or a 10-year (Old Guidelines) historical period reckoned from date of bid submission.

$X_{ave}, Y_{ave}, Z_{ave} \dots N_{ave}$  – are the average price indices of labor, materials and other contract items reckoned from issuance of NTP to date of completion (completed project) or the succeeding period of not less than 6-month period (ongoing project).

The sum of  $a + b + c + \dots + n$  must be equal to 1 (100%).

Decision Point:

If the Average K for each item is greater than Threshold K, it is eligible for Price Escalation. Otherwise, not eligible.

### **Formula for Standard Deviation\***

$$S_D = \sqrt{\frac{\sum_i^n (x_i - \underline{x})^2}{n}}$$

Where:  $X_i$  is the entire list  
 $\underline{x}$  is the mean  
n is the number of months

\*When using Microsoft Excel, the formula to be used is STDEV.P

### **Formula for Mean**

$$\text{Ave} = \frac{X}{n}$$

Where: X is the entire list of numbers  
n is the number of months

## **2. Amount of Price Escalation to be Granted**

In the case of infrastructure projects, the amount to be granted shall be determined based on the following:

Where $K > 1.05$ ,	$P = P_o (K - 0.05)$
Where $0.95 \leq K \leq 1.05$ ,	$P = P_o$ (No escalation)
Where $K < 0.95$ ,	$P = P_o (K + 0.05)$

Where:

P is the escalated bid/unit price.  
 P<sub>o</sub> is the original bid/unit price.  
 K is the Fluctuation Factor.

Requests for price escalation shall only be made for cost items already incurred by the contractor/supplier, as supported by official receipts, sales invoices, or other documentary evidence. No request for price escalation shall be made for prospective application. Further, price escalation shall only be granted to those items included in a specific request; Provided further, that requests for price escalation shall be made not less than six (6) months reckoned from the date of the effectivity of the contract, and not less than six (6)-month period thereafter, except for price escalation being requested at the completion of the contract.

### Review of Contract Prices After Completion of the Contract

Upon completion of the contract, the procuring entity shall calculate the amount of price escalation supposedly due to the contractor to consider likewise any downward movement in prices during the entire contract implementation period. If the resulting amount of price escalation is lower than the amount of price escalation already paid, the amount of overpayment shall be deducted by the procuring entity from the retention money, in case of infrastructure projects, on or before its expiration.

### Parametric Formula for Infrastructure Projects

For civil works, there are fifty-two (52) work items identified that can be claimed by the contractor, thus, there are fifty-two (52) parametric formulas for each work item to compute the fluctuation factor K. Please refer to **Annex A** for the Parametric Formulas for infrastructure projects.

The following applicable price indices are used in the computation of Fluctuation Factor:

- a. Construction Materials Wholesale Price Index as published by the Philippine Statistics Authority (PSA).
- b. Labor Cost Index as published by the Department of Labor and Employment.
- c. Equipment Index as published by the PSA.

### ii. Checklist of requirements

Document	Remarks
Letter request of the contractor	The letter should be duly signed by the authorized representative of the contractor. It should state the amount,

	specific period, and the legal basis of the claim. The letter should also contain the date of request and should be duly received by the concerned IO.
Endorsement letter of the Implementing Office	It should be addressed to the Chairperson, PEECRC, explicitly stating the result of their evaluation and recommendation of the subject claim.
Summary and Detailed Computation of the Price Escalation	It should provide the complete detailed computation of the Price Escalation based on R.A. 9184, approved Contract Agreement or General Conditions of the Contract for every billing period. (See attached sample forms for the computation of the Price Escalation for every billing, summary of computation for every billing and overall summary of computation of the request <b>Annex E</b> ).
Fluctuation Factor (K) for the period used in the parametric formulas	To check the appropriateness of the coefficient used in the computation of the claim for Price Escalation.
Copy of Contract Agreement	To prove/verify the existence of the project contract of the claimant and/or any provision pertaining to Price Escalation. It should include the original scope of work and the original contract price.
General Conditions of Contract (GCC), Special Conditions of the Contract (SCC)/Condition of Particular Application (COPA) *(any of the above which will show the provision for entitlement for Price Escalation)	To check the provision/s that may affect the contractor's claim for Price Escalation.
Bids and Awards Committee Resolution of Award	To check the date of bidding and other relevant data about the project.
Copy of Bill of Quantities	To check/verify the original unit price of the items or components covered by the request for price escalation vis-à-vis proposed escalated items.
Contractual Data showing the contract effectivity, expiry, approved VO, CTE, and Planned and Actual Accomplishments	For the TWG's reference to check the relevant contractual data which affects the computation for price escalation. See Annex E.
Copy of the approved SWA	To check/verify the accomplishment of the contractor for each period covered by the claim.
Copy of the Approved Variation Order and Itemized Cost of Revision, if any	To check/verify quantities of work under Variation Order that are covered by the claim. The date of approval of Variation order will serve as a reckoning date in escalating the price of new item(s) of work.

Detailed Unit Price Analysis (DUPA)	Both the DUPA included in the original contract and DUPA of the New Items introduced in the Variation Order, if any. To compare the unit costs/rates used for labor, equipment, and materials.
Clear/legible Copy of Approved Disbursement Voucher for every Progress Billing covered by the claim	To check the D.V. No., amount and respective dates received at the Accounting Division, including breakdown of the billing which may affect the computation for price escalation.
Voucher of Advance Payment	To check the amount and date of advance payment to be excluded/deducted for each period covered by the price escalation claim.
Copy of applicable PSA price indices and DOLE wage order/s	To check/verify the price indices and labor rates used in the detailed computation for the items or components affected by the request for price escalation, issued/published by the PSA and DOLE.
Copy of the Approved Contract Time Extensions, if any	To verify the revised duration of the contract and to check the items and scope of works covered by the claims if it is within the revised contract period.
Copy of the Approved Original PDM or PERT/CPM, Bar Chart with S-Curve	To evaluate the schedule of commencement and completion of the covered items of work in the requested Price Escalation.
Copy of the Revised PDM or PERT/CPM, Bar Chart with S-Curve	To evaluate the revised schedule of commencement and completion of the covered items of work in the requested Price Escalation.
Copy of the Previously Approved Price Escalation (PEECRC Resolution and Computation Sheets) (if any)	For the TWG's reference.
Copy of approved unit price adjustment (if any)	To verify the adjusted price of the items of work covered by the request for Price Escalation.
Copy of the detailed items of work in the Provisional Sum (if any)	To verify whether or not the provisional shall be deducted from the accomplishment subject to price escalation.

### iii. Procedures

1. Claim for payment of Price Escalation shall be filed with the Implementing Office by the contractor through a letter request together with the detailed computation and complete documentation in accordance with the approved checklist.
2. The Implementing Office shall conduct direct review/evaluation of the filed claim and recommend payment or non-payment thereof to the Price Escalation and Extraordinary Claims Review Committee (PEECRC). The IO may recommend

payment of a corrected price escalation amount based on the IO's own computation.

3. The PEECRC instructs the Technical Working Group (TWG) for further review/evaluation and validation of the recommendation of the Implementing Office.
4. The TWG conducts review/evaluation of the claim and presents recommendation to the PEECRC. Also, the TWG shall automatically return the request without any action if there is no explicit recommendation from the Implementing Office in the endorsement letter.
5. The PEECRC conducts deliberation of the claim, which shall be presented by the Implementing Office, to determine disposition of the claim, and prepares a Resolution recommending payment or non-payment of the claim.
6. The Resolution shall be forwarded to the authorized approving official for approval/disapproval of the request for payment of the claim.
7. The Secretary forwards the claim for price escalation to the NEDA together with the following documents duly prepared by the Implementing Office:
  - a. Certification from the Head of IO stating that the request for price escalation is justified in accordance with R.A. 9184, its IRR, and guidelines for price escalation.
  - b. Description of the nature of the requested price escalation as well as the identification of the specific legal and technical parameters stated in the guidelines for price escalation that have been complied with by the request. For the technical requirements, supporting documents shall contain information/data in accordance with Section 5.2.2 of R.A. 9184.
  - c. Original cost estimates and/or bill of materials of the items, goods or components affected by the request for price escalation and the proposed escalated prices thereof, as applicable to the type of contract, including a summary computation by the requesting entity of the proposed escalated prices in accordance with Sections 5.2.2 or 5.3 of R.A. 9184, as deemed applicable; Provided, however, that the IO shall maintain a detailed computation of the proposed price escalation.
  - d. Original and, if applicable, revised schedule of contract implementation.
  - e. Original request for price escalation submitted by the contractor to the IO, including information on the quantity of materials/components and/or scope of work being proposed for price escalation.
  - f. Data on the price indices of the materials, including the source of data used in the detailed computation of the proposed price escalation, covering a historical thirty (30)-month period reckoned from the date of bid opening.

- g. Other information/documents as may be required.
- 8. NEDA recommends action to the GPPB.
- 9. GPPB acts on NEDA recommendation. GPPB shall approve/disapprove the claim of the contractor and forward the result to DPWH.
- 10. If approved, the Implementing Office will request for Funding from the Planning Service.
- 11. Corresponding payment of escalated price, if approved by GPPB, shall be paid by the DPWH.

**iv. Preparation and Guidelines in the Evaluation**

- 1. The head of the procuring entity shall not pay any contract price escalation until after the GPPB has approved the claim.
- 2. The approval by the GPPB of the request for contract price escalation shall in no way be construed as an approval or validation of any irregularity committed by the requesting entity during the procurement process.
- 3. For contracts awarded through public bidding, base indices to be used in the computation for price escalation shall be reckoned from the month of bidding and applied to every progress billing.

For contracts not subjected to competitive bidding, the reckoning period for the base indices shall be determined as follows:

- a. If the unit costs in the negotiated contract are based entirely on the unit costs of the original contract, the base indices shall be reckoned from the month of bidding of the original contract.
  - b. If the unit costs in the negotiated contract have been revised or adjusted, the base indices shall be reckoned from the month of bidding of the negotiated contract.
  - c. If the negotiated contract explicitly specifies a reckoning date for the base indices, then the base indices shall be based on the agreed-upon month stated in the contract, subject to the conditions a and b above.
- 4. In case of a progress billing covering multiple months, the computation shall be done in this manner and order:
    - a. Compute for the K Factor of each month covered in all the progress billings of the requested Price Escalation
    - b. Identify the months covered by each progress billing
    - c. The average K Factor of the months covered by the billing shall be used

5. In case the day of the first month covered in the progress billing falls on or before the 15<sup>th</sup> day, the price indices from that month shall be used; otherwise, the price indices for the succeeding month shall be used. In case the day of the last month covered in the progress billing falls on or after the 15<sup>th</sup> day of the month, the price indices from that month shall be used; otherwise, the price indices for the preceding month shall be used.
6. In case the project is behind schedule based on the approved network diagram, price escalation on the portion of work that should have been, but was not, actually accomplished within the period shall be based on the applicable price index for the period in which it should have been accomplished. Payment of the computed amount shall not be made until said unaccomplished portion of the work is completed and upon prior approval of the GPPB and the head of the procuring entity.
7. Where advance payment has been made, no price escalation shall be granted for the following:
  - a. That portion of work accomplished during the period corresponding to a value equal to the amount of recoupment of advance payment; and
  - b. The amount of materials for which advance payment was made.
8. Where provisional sum has been included in the contract, the items of work where said provisional sum has been used shall be identified. Only items from the original contract shall be granted price escalation while the New Items shall follow the guidelines for Variation Order stated herein.
9. Variation Orders (Change Order or Extra Work Order) are subject to the escalation formula used to adjust the original contract price. The computation shall be in accordance with the following guidelines:
  - a. If the unit price of items of work in the Variation Order (Change Order) is the same with the original unit cost, the base indices shall be reckoned on the date of bidding.
  - b. If the unit price of items of work in the Variation Order (Extra Work Order) is new, the base indices shall be reckoned on the date of approval of the variation order.
  - c. However, if the item of work introduced as new item in the Variation Order (Extra Work Order) is considered a similar item (e.g. Original Item is Item 311(1)a.1 – PCC Pavement Plain (Plain) – Conventional Method, 150 mm thk and New Item is Item 311(1)a.2 – PCC Pavement Plain (Plain) – Conventional Method, 200 mm thk) and the unit price of this similar item was derived from the original rates of the components of labor, material, and equipment as per the original items of work, the base indices shall be reckoned from the date of bidding. Any deviation from the original rates shall deem the item as new work item.

- d. On the other hand, even though the rates of a New Item were derived from the original rates of the components of labor, material, and equipment as per the original items of work but is not considered as a similar item (e.g. Original Item is Item 311(1)a.1 – PCC Pavement Plain (Plain) – Conventional Method, 150 mm thk and New Item is Item 600(1) – Concrete Curb (Cast in Place) – 0.45m x 0.15m), the base indices shall be reckoned on the date of approval of the variation order.
10. For Items of Work under Part A (Facilities for the Engineer) and Part B (Other General Requirements), determination of whether price escalation is applicable shall be through comparison of the components in the DUPA against the categories in the CMWPI. Price escalation shall only be granted if the labor, material, and equipment components fall under any of the CMWPI categories.

## B. For Civil Works, Foreign-Assisted Infrastructure Projects

### i. Legal Basis

The request for Price Escalation of foreign-assisted projects shall be pursuant to the General Conditions of Contract, Condition of Particular Application, and Specific/Special Provisions of the Contract.

Clause 13.8 – Adjustments for Changes in Cost under Chapter 13 – Variations and Adjustments of the FIDIC Conditions of Contract, states that:

“xxx the amounts payable to the Contractor shall be adjusted for rises or falls in the cost of labour, Goods and other inputs to the Works, by the addition or deduction of the amounts determined by the formulae prescribed in this Sub-Clause. To the extent that full compensation for any rise or fall in Costs is not covered by the provisions of this or other Clauses, the Accepted Contract Amount shall be deemed to have included amounts to cover the contingency of other rises and falls in costs.

The adjustment to be applied to the amount otherwise payable to the Contractor, as valued in accordance with the appropriate Schedule and certified in Payment Certificates, shall be determined from formulae for each of the currencies in which the Contract Price is payable. No adjustment is to be applied to work valued on the basis of Cost or current prices. The formulae shall be of the following general type:

$$P_n = a + b \frac{L_n}{L_o} + c \frac{E_n}{E_o} + d \frac{M_n}{M_o} \dots \dots$$

*Where:*

“P<sub>n</sub>” is the adjustment multiplier to be applied to the estimated contract value in the relevant currency of the work carried out in period “n”, this period being a month unless otherwise stated in the Contract Data;

“a” is a fixed coefficient, stated in the relevant table of adjustment data, representing the non-adjustable portion in contractual payments;

“b”, “c”, “d”, ... are coefficients representing the estimated proportion of each cost element related to the execution of the Works, as stated in the relevant table of adjustment data; such tabulated cost elements may be indicative of resources such as labour, equipment and materials;

“L<sub>n</sub>”, “E<sub>n</sub>”, “M<sub>n</sub>”, ... are the current cost indices or reference prices for period “n”, expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the date 49 days prior to the last day of the period (to which the particular Payment Certificate relates); and

“L<sub>o</sub>”, “E<sub>o</sub>”, “M<sub>o</sub>”, ... are the base cost indices or reference prices, expressed in the relevant currency of payment, each of which is applicable to the relevant tabulated cost element on the Base Date.

The cost indices or reference prices stated in the table of adjustment data shall be used. If their source is in doubt, it shall be determined by the Engineer. For this purpose, reference shall be made to the values of the indices at stated dates for the purposes of clarification of the source; although these dates (and thus these values) may not correspond to the base cost indices.

In cases where the “currency of index” is not the relevant currency of payment, each index shall be converted into the relevant currency of payment at the selling rate, established by the central bank of the Country, of this relevant currency on the above date for which the index is required to be applicable. xxx”

Article 1144 under Chapter 3 – Prescription of Actions of the Civil Code of the Philippines

The following actions must be brought within ten years from the time the right of action accrues:

- (1) Upon written contract;
- (2) Upon obligation created by law;
- (3) Upon a judgment.

**ii. Checklist of requirements**

Document	Remarks
Letter request of the contractor	The letter should be duly signed by the authorized representative of the contractor. It should state the amount, specific period, and the legal basis of the claim. The letter should also contain the date of request and should be duly received by the concerned IO.
Endorsement letter of the Implementing Office	It should be addressed to the Chairperson, PEECRC, explicitly stating the result of their evaluation and recommendation of the subject claim.
Summary and Detailed Computation of the Price Escalation	It should provide the complete detailed computation of the Price Escalation based on R.A. 9184, approved Contract Agreement or General Conditions of the Contract for every billing period. (See attached sample forms for the computation of the Price Escalation for every billing, summary of computation for every billing and overall summary of computation of the request <b>Annex E</b> ).
Copy of Contract Agreement	To prove/verify the existence of the project contract of the claimant and/or any provision pertaining to Price Escalation. It should include the original scope of work and the original contract price.
General Conditions of Contract (GCC), Special Conditions of the Contract (SCC)/Condition of Particular Application (COPA)	To check the provision/s that may affect the contractor’s claim for Price Escalation including the formula to be used.

*(any of the above which will show the provision for entitlement for Price Escalation)	
Bids and Awards Committee Resolution of Award	To check the date of bidding and other relevant data about the project.
Copy of Bill of Quantities	To check/verify the original unit price of the items or components covered by the request for price escalation vis-à-vis proposed escalated items.
Contractual Data showing the contract effectivity, expiry, approved VO, CTE, and Plan and Actual Accomplishments	For the TWG's reference to check the relevant contractual data which affects the computation for price escalation. See Annex E.
Copy of the approved SWA	To check/verify the accomplishment of the contractor for each period covered by the claim.
Copy of the Approved Variation Order and Itemized Cost of Revision, if any	To check/verify quantities of work under Variation Order that are covered by the claim. The date of approval of Variation order will serve as a reckoning date in escalating the price of new item(s) of work.
Detailed Unit Price Analysis (DUPA)	Both the DUPA included in the original contract and DUPA of the New Items introduced in the Variation Order, if any. To compare the unit costs/rates used for labor, equipment, and materials.
Clear/legible Copy of Approved Disbursement Voucher for every Progress Billing covered by the claim	To check the D.V. No., amount and respective dates received at the Accounting Division, including breakdown of the billing which may affect the computation for price escalation.
Voucher of Advance Payment	To check the amount and date of advance payment to be excluded/deducted for each period covered by the price escalation claim.
Fluctuation Factor (K) for the period used in the parametric formulas	To check the appropriateness of the coefficient used in the computation of the claim for Price Escalation.
Copy of applicable price indices for all currencies	To check/verify the price indices used in the detailed computation for the items or components affected by the request for price escalation, issued/published by the appropriate entity and duly authenticated by appropriate offices, if necessary.
Copy of the Approved Contract Time Extensions, if any	To verify the revised duration of the contract and to check the items and scope of works covered by the claims if it is within the revised contract period.
Copy of the Approved Original PDM or PERT/CPM, Bar Chart with S-Curve	To evaluate the schedule of commencement and completion of the covered items of work in the requested Price Escalation.

Copy of the Revised PDM or PERT/CPM, Bar Chart with S-Curve	To evaluate the revised schedule of commencement and completion of the covered items of work in the requested Price Escalation.
Copy of the Previously Approved Price Escalation and Computation Sheets (if any)	For the TWG's reference.
Copy of approved unit price adjustment (if any)	To verify the adjusted price of the items of work covered by the request for Price Escalation.
Copy of the detailed items of work in the Provisional Sum (if any)	To verify whether or not the provisional shall be deducted from the accomplishment subject to price escalation.
Minutes of Meeting	May include minutes of meeting from the Prebid Conference, Contract Negotiations, and other communications between the concerned parties

### iii. Procedures

1. Claim for payment of Price Escalation shall be filed by the contractor to the Implementing Office through a letter together with complete documentation in accordance with the approved checklist.
2. The Implementing Office shall conduct review/evaluation of the filed claim and recommend payment or non-payment thereof to the Price Escalation and Extraordinary Claims Review Committee (PEECRC). The IO may recommend payment of a corrected price escalation amount based on the IO's own computation.
3. The PEECRC instructs the Technical Working Group (TWG) for further review/evaluation and validation of the recommendation of the Implementing Office.
4. The TWG conducts review/evaluation of the claim and presents recommendations to the PEECRC. Also, the TWG shall automatically return the request without any action if there is no explicit recommendation from the Implementing Office in the endorsement letter.
5. The PEECRC conducts deliberation of the claim, which shall be presented by the Implementing Office, to determine disposition of the claim and prepares a Resolution recommending payment or non-payment of the claim.
6. The Resolution shall be forwarded to the authorized approving official for approval/disapproval of the request for payment of the claim.
7. The PEECRC through the TWG shall transmit the approved Resolution of the requested Price Escalation to the Implementing Office.
8. If approved, the Implementing Office shall request for funding from the Planning Service, if necessary.

9. Corresponding payment to the approved escalated price shall be paid by the DPWH, through the Implementing Office.

#### **iv. Preparation and Guidelines in the Evaluation**

1. If the contract for an infrastructure project does not contain a provision explicitly allowing for price escalation or specifically states in the Bid Documents that price escalation is not applicable, any such request shall be returned to the Implementing Office without favorable action.
2. Contract Price Escalation, if awarded through Public Bidding, shall be reckoned from the month of bidding unless otherwise indicated in the Table of Adjustment Data and shall be allowed for every progress billing.

For contracts not subjected to competitive bidding, the reckoning period for the base indices shall be determined as follows:

- a. If the unit costs in the negotiated contract are based entirely on the unit costs of the original contract, the base indices shall be reckoned from the month of bidding of the original contract.
  - b. If the unit costs in the negotiated contract have been revised or adjusted, the base indices shall be reckoned from the month of bidding of the negotiated contract.
  - c. If the negotiated contract or its Table of Adjustment Data explicitly specifies a reckoning date for the base indices, then the base indices shall be based on the agreed-upon month stated in the contract, subject to the conditions a and b above.
3. Price escalation shall not be allowed if the contract has no table of adjustment data.
  4. In case of a progress billing covering multiple months, the computation shall be done in this manner and order:
    - a. Compute for the Adjustment Multiplier ( $P_n$ ) of each month covered in all the progress billings of the requested Price Escalation
    - b. Identify the monthly period of the PB on a 30-day basis which should start on the first day of the period covered for that billing
    - c. The average  $P_n$  of the months covered by the billing shall be used
  5. In case the day of the first month covered in the progress billing falls on or before the 15<sup>th</sup> day, the price indices from that month shall be used; otherwise, the price indices for the succeeding month shall be used. In case the day of the last month covered in the progress billing falls on or after the 15<sup>th</sup> day of the month, the price indices from that month shall be used; otherwise, the price indices for the preceding month shall be used

6. In case the project is behind schedule, the current cost indices or reference prices for the specific billing period shall be based on the applicable price index 98 days prior to the last day of the period (Addition of 49 days to the reckoning date of the current cost indices which is 49 days prior to the last day of the period).
7. Where advance payment has been made, no price escalation shall be granted for the following:
  - a. That portion of work accomplished during the period corresponding to a value equal to the amount of recoupment of advance payment; and
  - b. The amount of materials for which advance payment was made.
8. Where provisional sum has been included in the contract, the items of work where said provisional sum has been used shall be identified. Only items from the original contract shall be granted price escalation while the New Items shall follow the guidelines for Variation Order stated herein.
9. For Items of Work under Part A (Facilities for the Engineer) and Part B (Other General Requirements), determination of whether price escalation is applicable shall be through comparison of the components in the DUPA against the categories in the CMWPI. Price escalation shall only be granted if the labor, material, or equipment components fall under any of the CMWPI categories.
10. Variation Orders (Change Order or Extra Work Order) are subject to the escalation formula used to adjust the original contract price. The computation shall be in accordance with the following guidelines:
  - a. If the unit price of items of work in the Variation Order (Change Order) is the same with original unit cost, the base date for the computation of the Pn for Price Escalation shall be reckoned from the date of bidding.
  - b. If the unit price of items of work in the Variation Order (Extra Work Order) is new, the base indices shall be reckoned from the date of approval of the variation order.
  - c. However, if the item of work introduced as new item in the Variation Order (Extra Work Order) is similar (e.g. Original Item is Item 311(1)a.1 – PCC Pavement Plain (Plain) – Conventional Method, 150 mm thk and New Item is Item 311(1)a.2 PCC Pavement Plain (Plain) – Conventional Method, 200 mm thk) and the unit price of this similar item was derived from the original rates of the components of labor, material, and equipment as per the original items of work, the base indices shall be reckoned from the date of bidding. Any deviation from the original rates shall deem the item as new work item.
  - d. On the other hand, even though the rates of a New Item were derived from the original rates of the components of labor, material, and equipment as per the original items of work but is not considered as a similar item (e.g. Original Item is Item 311(1)a.1 – PCC Pavement Plain (Plain) – Conventional Method,

150 mm thk and New Item is Item 600(1) – Concrete Curb (Cast in Place) – 0.45m x 0.15m), the base indices shall be reckoned on the date of approval of the variation order.

11. For contracts with a combination of Local and Foreign currencies, the Pn should be calculated based on the table of adjustment data for each currency. The application of the Pn in the computation for Price Escalation should be based on the actual country of source of the materials used in the project as supported by the Bill of Lading and Purchase Receipts.

**C. For Consulting Services, Locally Funded Projects**

*No contract price escalation for consulting services shall be allowed* as provided under Annex F (Section 2) and Section 1.1, Appendix 15 of the Updated 2016 Revised IRR of R.A. No. 9184, to quote:

Annex F Contract Implementation Guidelines for the Procurement of Consulting Services

Section 2. "All Consultancy contracts shall be fixed price contracts. Any extension of contract time shall not involve any additional cost"

Appendix 15 Revised Guidelines for Contract Price Escalation

Section 1.1. "xxx No contract price escalation for consulting services shall be allowed", unquote.

## D. For Consulting Services, Foreign-Assisted Projects

### i. Legal Basis

The request for Price Escalation for consulting services of foreign-assisted projects shall be pursuant to General Conditions of Contract (GCC), Condition of Particular Application (COPA), and Specific/Special Provisions (SP) of the Contract.

Formula:  $R = R_0 \times I/I_0$

where: R = Adjusted remuneration  
 $R_0$  = Original remuneration rates for foreign/local experts  
 I = Official index in the country of the foreign/local experts for the first month for which the adjustment is supposed to have effect  
 $I_0$  = Official index in the country of the foreign/local experts for the month of the date of the Contract

Article 1144 under Chapter 3 – Prescription of Actions of the Civil Code of the Philippines

The following actions must be brought within ten years from the time the right of action accrues:

- (1) Upon written contract;
- (2) Upon obligation created by law;
- (3) Upon a judgment.

### ii. Checklist of Requirements

Document	Remarks
Letter request of the consultant	The letter should be duly signed by the authorized representative of the consultant. It should state the amount, specific period, and the legal basis of the claim. The letter should also contain the date of request and should be duly received by the concerned IO.
Endorsement letter of the Implementing Office	It should be addressed to the Chairperson, PEECRC, explicitly stating the result of their evaluation and recommendation of the subject claim.
Summary and Detailed Computation of the Price Escalation	It should provide the complete detailed computation of the Price Escalation based on approved Contract Agreement or General Conditions of Contract for the period as specified on the GCC/COPA/SP. (See attached sample forms for the computation of the Price Escalation, summary of computation for every billing and overall summary of computation of the request <b>Annex E</b> ).
Copy of Contract Agreement	To prove/verify the existence of the consultancy contract of the claimant and/or any provision pertaining to Price

	Escalation. It should include the original scope of work and the original contract price.
General Conditions of Contract (GCC), Specific/Special Provisions (SP) of the Contract /Condition of Particular Application (COPA) *(any of the above which will show the provision for entitlement for Price Escalation)	To check the provision/s that may affect the consultant's claim for Price Escalation including the formula to be used.
Copy of the Cost Estimates for Foreign and Local Currency as per approved Contract Agreement	To check/verify the rates of the foreign and local experts and support staffs based on the original contract.
Contractual Data showing the contract effectivity, expiry, approved Realignment/s, Supplemental Agreement/s, and Plan and Actual Accomplishments	For the TWG's reference to check the relevant contractual data which affects the computation for price escalation. See Annex E.
Copy of the Approved Realignment, Supplemental Agreement and Time Extension, if any	To check/verify the revised duration of the contract and to check/verify the additional man-months of the involved personnel covered by the claim.
Clear/legible Copy of Approved Disbursement Voucher for every Progress Billing covered by the claim	To check the D.V. No., amount and respective dates received at the Accounting Division, including breakdown of the billing which may affect the computation for price escalation.
Voucher of Advance Payment	To check the amount and date of advance payment to be excluded/deducted for each period covered by the price escalation claim.
Copy of Summary for Remuneration, if any	To check/verify the consultant's personnel and corresponding remuneration for a specific period covered by the claim.
Copy of the approved Supplemental Agreement/ Realignment, if any	To check/verify the additional works to the original contract of the consultant which may result to additional man-months and/or additional personnel.
Adjustment Factor for the period used in the prescribed formulas	To check the appropriateness of the adjustment factor/s used in the computation of the claim for Price Escalation.
Copy of applicable price indices	To check/verify the price indices used in the detailed computation for the items or components affected by the request for price escalation, issued/published by the appropriate entity.

Copy of the approved Manning Schedule, Work Schedule and approved revisions, if any.	To check the personnel involved and their period of involvement in the consulting services that are covered by the requested Price Escalation.
Copy of the Mobilization and Demobilization of personnel	To check the mobilization and demobilization of the personnel involved in the requested Price Escalation based on the approved Original and Revised Manning Schedule.
Copy of the Previously Approved Price Escalation and Computation Sheets (if any)	For the consistency of computations in evaluating the succeeding request/s (e.g. PE No. 2, PE No. 3, etc.)
Certified True Copies of the Daily Time Record (DTR) of all involved personnel	To check/verify the number of days served by each personnel covered by the requested Price Escalation.
Certified True Copies of Monthly Payrolls and Remittances of Premiums to SSS	To check/verify if the consultant's employee/personnel had received the corresponding increase due to escalation and to check if the remittances are duly received by SSS covering the period of the price escalation claim.
Certification from each involved employee that they already received the increase in remuneration	To serve as proof that the consultant actually paid the increased remuneration which he is claiming.

### iii. Procedures

1. Claim for payment of Price Escalation shall be filed with the Implementing Office by the consultant through a letter request together with the detailed computation and complete documentation in accordance with the approved checklist.
2. The Implementing Office shall conduct direct review/evaluation of the filed claim and recommend payment or non-payment thereof to the Price Escalation and Extraordinary Claims Review Committee (PEECRC). The IO may recommend payment of a corrected price escalation amount based on the IO's own computation.
3. The PEECRC instructs the Technical Working Group (TWG) for further review/evaluation and validation of the recommendation of the Implementing Office.
4. The TWG conducts review/evaluation of the claim and presents recommendation to the PEECRC. Also, the TWG shall automatically return the request without any action if there is no explicit recommendation from the IO in the endorsement letter.
5. The PEECRC conducts deliberation of the claim which shall be presented by the Head of the PEECRC-TWG, to determine disposition of the claim and prepares Resolution recommending payment or non-payment of the claim.

6. The Resolution shall be forwarded to the authorized approving official for approval/disapproval of the request for payment of the claim.
7. The PEECRC through the TWG shall transmit the approved Resolution of the requested Price Escalation to the Implementing Office.
8. If approved, the Implementing Office shall request for funding from the Planning Service, if necessary.
9. Corresponding payment to the approved escalated price shall be paid by the DPWH, through the IO.

**GUIDELINES IN THE EVALUATION:**

- Supplemental Agreement are subject to the escalation formula in accordance with following guidelines:
  - a. If the personnel under the Supplemental Agreement is the same with original personnel of the approved Contract Agreement, the base indices shall be reckoned from the effectivity date of the contract or as specified in the GCC/SCC/COPA.
  - b. If the personnel under the Supplemental Agreement is new, the base indices shall be reckoned from the approval of the Supplemental Agreement or the Mobilization Date of the personnel, whichever comes later.

## II. Extraordinary Claims

### A. Claim for Payment of Idle Time of Equipment/Personnel

#### i. Legal Basis

The request of Claim for Payment of Idle Time of Equipment/Personnel of foreign-assisted projects shall be pursuant to the General Conditions of Contract (GCC), Special Conditions of Contract (SCC), Condition of Particular Application (COPA), Specific/Special Provisions (SP) of the Contract.

#### ii. Checklist of Requirements

Document	Remarks
Letter request of the contractor	It should be duly signed by the authorized representative of the contractor. It should state the amount, specific reason and period of claim, and the legal justification of the claim. The letter should also contain the contractor's letter head, date of request and the position of the signing representative. This should be duly received by the concerned implementing office.
Endorsement letter of the Implementing Office	It should be addressed to the Chairperson, PEECRC, stating their position and recommendation of the subject claim.
Computation of the amount of claim due to Idle Time of Equipment and Manpower	It should be in the prescribed format ( <b>Annex E</b> ) and duly signed by the contractor and the Implementing Office.
Copy of Contract Agreement	To prove/verify the existence of the project contract of the claimant and/or any provision pertaining to the claim.
General Conditions of Contract (GCC)/ Special Conditions of the Contract (SCC)/ Condition of Particular Application (COPA)/ Specific/Special Provisions (SP) *(any of the above which will show the provision for entitlement of the claim)	To check the provision/s that provides legal basis of the contractor's claim for Idle Time of Equipment and Manpower.
Approved Work Suspension/Resumption Order	To verify the suspended period.

<p>Approved Contract Time Extension, if any</p>	<p>To prove the additional time granted by the authorized approving official.</p>																								
<p>Copy of the Approved Original PDM or PERT/CPM, Bar Chart with S-Curve Monthly Equipment and Manpower Utilization Schedule prior to the issuance of WSO</p>	<p>To evaluate the schedule of commencement and completion of the covered items of work in the requested Price Escalation.</p>																								
<p>Copy of the Approved Revised PDM or PERT/CPM, Bar Chart with S-Curve Monthly Equipment and Manpower Utilization Schedule incorporating the approved WSO and CTE</p>	<p>To evaluate the schedule of commencement and completion of the covered items of work in the requested Price Escalation.</p>																								
<p>List of the operational equipment that was brought to the project site adopting the sample Table with the proof of actual mobilization such as:</p> <ol style="list-style-type: none"> <li>1. Contractor's request for the importation of equipment, exemption from duties and taxes for the exclusively use of the project</li> <li>2. DPWH endorsement to Department of Finance (DOF)</li> <li>3. Re-export Bond of the equipment</li> <li>4. Bill of Lading; and any valuable documentary evidence of mobilization</li> </ol> <table border="1" data-bbox="284 1191 922 1370"> <thead> <tr> <th colspan="6">LIST OF EQUIPMENT (Type of Equipment to be arranged as listed in the Approved Utilization of Equipment to include the Leased Equipment, if any)</th> <th rowspan="2">Re-Export Bond # for Owned of Lease</th> <th rowspan="2">Bill of Lading Number</th> <th rowspan="2">Actual Arrival at Site</th> </tr> <tr> <th>Type</th> <th>Assigned No.</th> <th>Make</th> <th>Year</th> <th>Capacity</th> <th>Engine/ Chassis/ Serial Number</th> </tr> </thead> <tbody> <tr> <td> </td> </tr> </tbody> </table>	LIST OF EQUIPMENT (Type of Equipment to be arranged as listed in the Approved Utilization of Equipment to include the Leased Equipment, if any)						Re-Export Bond # for Owned of Lease	Bill of Lading Number	Actual Arrival at Site	Type	Assigned No.	Make	Year	Capacity	Engine/ Chassis/ Serial Number										<p>To prove the actual number and units of the equipment mobilized on site for <b>foreign contractor</b>.</p>
LIST OF EQUIPMENT (Type of Equipment to be arranged as listed in the Approved Utilization of Equipment to include the Leased Equipment, if any)						Re-Export Bond # for Owned of Lease				Bill of Lading Number	Actual Arrival at Site														
Type	Assigned No.	Make	Year	Capacity	Engine/ Chassis/ Serial Number																				
<p>Monthly list of the Mobilized Equipment in matrix format in Table, <b>Annex E</b>, corresponding only to the equipment programmed for utilization in the Approved PDM or PERT/CPM covering the period of claim, duly signed by the Implementing Office</p>	<p>To prove the number and units of the equipment mobilized on site on a monthly basis</p>																								
<p>Monthly Equipment and Manpower Report covering the period of claim, duly signed by the Implementing Office</p>	<p>To support the contractor's claim for Idle Time of Equipment/ Personnel</p>																								
<p>Inventory of Equipment and Manpower before and after the Suspension Order</p>	<p>To prove the actual number and units of the equipment and manpower present on site before and after the Suspension Order</p>																								
<p>Leased Agreement of Equipment exclusively for use of the project duly notarized and received by the Implementing Office, if any</p>	<p>To identify the leased equipment intended for the project</p>																								

Contractors Field Logbook covering the period of claim duly signed by the Implementing Office representative	To prove the actual number and units of the equipment and manpower present on site on a daily basis
Contractual Data & Latest Status/Progress Report duly signed by the Implementing Office	For the TWG's reference.
Site photographs before and during Suspension period	To prove that the equipment and manpower were present and to show the actual site condition during the suspended period.
Contractor's Project Organizational Chart	To check/verify the contractor's personnel involve in the claim
List of Employees in the in the Contractor's company indicating their monthly salary and signature and involvement in the project	To check/verify the actual number and position of the contractor's personnel and their corresponding monthly salary to support the contractor's claim
Certified true copies of the Appointment/Contract Agreement between the contractor and regular and unskilled/skilled personnel employees of the contractor	To prove/verify that the personnel were employed under the firm/company of the contractor.
Certified photocopies of monthly payrolls and remittances of premiums received by SSS covering the period of the claim	To check/verify the monthly salary and deductibles of each personnel
Justification/Clarification why laborer's employment were not terminated during the project suspension	To prove/justify the need for employment of such personnel despite the project suspension
Certified true copy by PMO of the Sub-Contracting Agreement duly notarized and received by the Implementing Office, if any	To determine if the project was sub-contracted
For documents from abroad, it should be duly authenticated/certified by the Philippine Embassy	To prove the validity and authenticity of the documents
Copy of the Computation/Table of Predetermine Unworkable days and actual monthly weather report	To check if the days covered by the claim is already covered by the Predetermine Unworkable days and/or actual monthly weather report
Copy of NTP	To check the official date of contract effectivity.

### iii. Procedures

1. Request for payment of Idle Time of Equipment/Personnel shall be filed with the Implementing Office by the contractor through a letter together with the computation of the filed claim and complete documentation in accordance with the approved checklist.

2. The Implementing Office shall conduct direct review/evaluation of the filed claim and recommend payment or non-payment thereof to the Price Escalation and Extraordinary Claims Review Committee (PEECRC).
3. In case where the contractor is the requesting party, the Implementing Office shall conduct direct review/evaluation of the filed claim and recommend payment or non-payment thereof to the PEECRC.
4. The PEECRC instructs the Technical Working Group (TWG) for review/evaluation and validation of the recommendation of the Implementing Office.
5. The TWG conducts review/evaluation of the claim and presents recommendation to the PEECRC. Also, the TWG shall automatically return the request without any action if there is no recommendation from the Implementing Office.
6. The PEECRC conducts deliberation of the claim which shall be presented by the Head of the TWG, to determine disposition of the claim and prepares Resolution recommending payment or non-payment of the claim.
7. The Resolution shall be forwarded to the delegated authorized official for approval/disapproval of the request for payment of the claim.
8. The PEECRC through the TWG shall transmit the approved Resolution of the requested Price Escalation to the Implementing Office.
9. If approved, the Implementing Office shall request for funding from the Planning Service.
10. Corresponding payment to the approved claim for idle time of equipment/ personnel shall be paid by the DPWH.

## B. Claim for Interest Payment Due to Delayed Payment of Progress Billing

### i. Legal Basis

For foreign-assisted projects:

The request of Claim for Payment of Interest Payment Due to Delayed Payment of Progress Billing of foreign-assisted projects shall be pursuant to General or Particular Conditions of Contract.

Clause 14.8 – Delayed Payment under Chapter 14 – Contract Price and Payment of the FIDIC Conditions of Contract, states that:

“If the Contractor does not receive payment in accordance with Sub-Clause 14.7 [*Payment*], the Contractor shall be entitled to receive financing charges compounded monthly on the amount unpaid during the period of delay. This period shall be deemed to commence on the date for payment specified in Sub-Clause 14.7 [*Payment*], irrespective (in the case of its sub-paragraph (b)) of the date on which any Interim Payment Certificate is issued.

Unless otherwise stated in the Particular Conditions, these financing charges shall be calculated at the annual rate of three percentage points above the discount rate of the central bank in the country of the currency of payment, or if not available, the interbank offered rate, and shall be paid in such currency.

The Contractor shall be entitled to this payment without formal notice or certification, and without prejudice to any other right or remedy.”

### ii. Basis of Computation

$$I_a = P \times D_d \times i / 365$$

<i>Where:</i> $I_a$	=	Accumulated interest amount in pesos
$P$	=	Net amount billed
$D_d$	=	Number of days delayed
$i$	=	Interest rate per annum (decimal)

### iii. Checklist of Requirements

Document	Remarks
Letter request of the contractor	It should be duly signed by the authorized representative of the contractor. It should state the amount, specific reason and period of claim, and the legal justification of the claim. The letter should also contain the contractor’s letter head, date of request and the position of the signing representative. This should be duly received by the concerned implementing office.

Endorsement letter of the Implementing Office	It should be addressed to the Chairperson, PEECRC, stating their position and recommendation of the subject claim.
Computation of the amount of claim due to interest from delayed payment of progress billing	It should be in the prescribed format per D.O. No. 58, Series of 2008 - Procedural Flow and Guidelines on the Processing of Extraordinary Claims. It should be duly signed by the contractor and the Implementing Office.
Copy of Contract Agreement	To prove/verify the existence of the project contract of the claimant and/or any provision pertaining to the claim.
General Conditions of Contract (GCC), Special Conditions of the Contract (SCC)/Condition of Particular Application (COPA) *(any of the above which will show the provision for entitlement of the claim)	To check the provision/s that provides legal basis of the contractor's claim for Interest Payment due to the delayed payment of Progress Billing.
Copy of NTP	To check the official date of contract effectivity.
Background information for each payment duly signed by the head of IO or Certification of the IO	To check the date of submission of the contractor of complete documents for the Progress Billing.
Clear/legible Copy of Approved Disbursement Vouchers for every Progress Billings	To check the D.V. No., amount and respective dates received at the Accounting Division.
Proof of receipt of payment (depositor's bank accounts transaction record)	To check the date of receipt of the contractor for the payment for the Progress Billing.
Copy of Advice/Authority to Debit Accounts/ Payments of D.V.	To further check payment for the Progress Billing and date of receipt of the contractor. It should be signed by the proper authority.
Copy of the approved SWA	To check/verify the accomplishment of the contractor for each period covered by the claim.
Monthly Project Status Report	To further verify the status of the project if delayed or on schedule. It should be issued by the Implementing Office and signed by the Project Director.
Certification from the Implementing Office indicating the reasons for the delay in the payment of progress billing	To check the specific reasons of the delay in the payment of progress billing and it should be signed by the Implementing Office.

**ii. Procedure**

1. Claim for Interest Payment due to Delayed Payment of Progress Billing shall be filed to the Commission on Audit by the contractor through a petition letter together with the computation of the filed claim and complete documentation in accordance with the approved checklist. It should be simultaneously submitted to the Implementing Office for review and evaluation.
2. The Commission on Audit shall order the Implementing Office to answer the petition.
3. The Implementing Office shall conduct direct review/evaluation of the filed claim and recommend payment or non-payment thereof to the Price Escalation and Extraordinary Claims Review Committee (PEECRC).
4. The PEECRC instructs the Technical Working Group (TWG) for review/evaluation and validation of the recommendation of the Implementing Office.
5. The TWG conducts review/evaluation of the claim and presents recommendation to the PEECRC.
6. The PEECRC conducts deliberation of the claim which shall be presented by the Implementing Office to determine disposition of the claim and prepares answer to the petition recommending payment or non-payment of the claim.
7. The answer to the petition shall be forwarded to the Secretary for approval and shall be forwarded to COA.
8. COA shall approve/disapprove the claim of the contractor and forwards the result to DPWH.
9. If approved, the Implementing Office shall request for funding from the Planning Service.
10. Corresponding payment to the approved claim for Interest Payment due to Delayed Payment of Progress Billing shall be paid by the DPWH.

**NOTE:**

- The rate of interest for the loan or forbearance of any money, goods, or credits and the rate allowed in judgments, in the absence of an express contract as to such rate of interest, shall be in accordance with Circular No. 799, Series of 2013 issued by Bangko Sentral ng Pilipinas (BSP) or whichever latest issuance of the BSP.
- The date certifications were issued by the head of Implementing Office for each Progress Billing plus the stipulated 28-day reglementary period as stipulated in Clause 43.1 are used as the date progress billings due for payment. In cases where the 28-day reglementary period had lapsed prior to receipt at the Accounting Division of this

Department, the date receipt of the progress billing plus five (5) working days will be used as the due date for payment.

- The dates NCA were released based on the certification issued by the Department Chief Accountant are used as reference/basis for the claim.

## C. Claim for Payment of Burned Equipment

### i. Legal Basis

#### a. For locally-funded projects

#### Article 1144 under Chapter 3 – Prescription of Actions of the Civil Code of the Philippines

The following actions must be brought within ten years from the time the right of action accrues:

1. Upon a written contract;
2. Upon an obligation created by law;
3. Upon a judgment.

Determination of events that will result to extraordinary fortuitous events shall be -in accordance with the Civil Code of the Philippines:

Article 1680, as it enumerates *Extraordinary Fortuitous Events* or those events which do not usually happen, such as, but not limited to the following:

- a. Fire
- b. War
- c. Pestilence
- d. Unusual flood
- e. Locusts, and
- f. Earthquake.

It shall also be pursuant to the provisions in the Republic Act No. 9184 otherwise known as "Government Procurement Reform Act."

#### b. For foreign-assisted projects

The request of Claim for Payment of Burned Equipment of foreign-assisted projects shall be pursuant to General or Particular Conditions of Contract.

Clause 19.1 – Definition of Force Majeure under Chapter 19 – Force Majeure of the FIDIC Conditions of Contract, states that:

"In this Clause, "Force Majeure" means an exceptional event or circumstance:

- (a) which is beyond a Party's control,
- (b) which such Party could not reasonably have provided against before entering into the Contract,
- (c) which, having arisen, such Party could not reasonably have avoided or overcome, and
- (d) which is not substantially attributable to the other Party.

Force Majeure may include, but is not limited to, exceptional events or circumstances of the kind listed below, so long as conditions (a) to (d) above are satisfied:

- i. war, hostilities (whether war be declared or not), invasion, act of foreign enemies,
- ii. rebellion, terrorism, sabotage by persons other than the Contractor's Personnel, revolution, insurrection, military or usurped power, or civil war,
- iii. riot, commotion, disorder, strike or lockout by persons other than the Contractor's Personnel,
- iv. munitions of war, explosive materials, ionising radiation or contamination by radio-activity, except as may be attributable to the Contractor's use of such munitions, explosives, radiation or radio-activity, and
- v. natural catastrophes such as earthquake, hurricane, typhoon or volcanic activity.

**ii. Basis of Computation**

A. Remaining Useful Value (RUV) before the Incident: (From COA Appraisal Formula)

$$RUV=AC-SVL+R+SV$$

*Where:* AC = Acquisition Cost  
SV = Salvage Value = 10% of Acquisition Cost  
L = Economic Life (estimated useful life)  
R = Remaining Useful Life = L – AS  
AS = Actual Service (age) of the unit

B. Appraised Value (AV) after the Incident:

$$AV=RUV \times CFF \times CF$$

*Where:* CFF = Currently Fluctuation Factor  
RUV = P\$ rate at appraisal year / P\$ rate at acquisition year  
CF = Condition Factor

Excellent	= 0.8
Very Good	= 0.7
Good	= 0.6
Satisfactory	= 0.5
Adequate	= 0.4
Fair	= 0.3
Poor	= 0.2
Very Poor	= 0.1

**NOTE:**

Bureau of Equipment parameter on rehabilitated equipment:

Extended life of Rehabilitated Equipment = three (3) years or thirty-six (36) months

**COST CONSIDERATION OF ACQUIRED EQUIPMENT:**

Burned equipment were acquired as:

- a. brand new
- b. newly-reconditioned
- c. remanufactured units.

**iii. Checklist of Requirements**

<b>Document</b>	<b>Remarks</b>
Letter request of the contractor	It should be duly signed by the authorized representative of the contractor. It should state the amount, specific reason and period of claim, and the legal justification of the claim. The letter should also contain the contractor's letter head, date of request and the position of the signing representative. This should be duly received by the concerned implementing office.
Endorsement letter of the Implementing Office	It should be addressed to the Chairperson, PEECRC, stating their position and recommendation of the subject claim.
Evaluation and recommendation of the IO	It should reflect the position and evaluation of the Implementing Office regarding the claim and should be duly signed by the proper authority.
Computation of the Claim for Payment of Burned Equipment	It should provide the complete detailed computation of the claim and the overall summary of computation for the request.
Copy of Contract Agreement	To prove/verify the existence of the project contract of the claimant and/or any provision pertaining to the claim.
General Conditions of Contract (GCC), Special Conditions of the Contract (SCC)/Condition of Particular Application (COPA) *(any of the above which will show the provision for entitlement of the claim)	To check the provision/s that provides legal basis of the contractor's claim for payment of Burned Equipment.

Copy of the Approved Suspension Order and Resume Order, if any	To prove that there was a project delay due to Burned Equipment. It should state the nature, reason and duration of the suspended period.
Copy of the Approved Time Extensions, if any	To verify the revised duration of the contract. It should state the reason, period and duration for the time extension.
Copy of the Approved PDM or PERT/CPM, Bar Chart with S-Curve	To evaluate the schedule of commencement and completion of the items of work relative to the covered equipment in the requested claim. The corresponding Approved Monthly Equipment can likewise be analyzed.
Copy of the Approved Revised PDM or PERT/CPM, Bar Chart with S-Curve	To evaluate the revised schedule of commencement and completion of the items of work relative to the covered equipment/manpower in the requested claim. The corresponding revised Approved Monthly Equipment can likewise be analyzed.
Straight Line Diagram	To serve as a visual guide to help in the analysis of the claim for payment. This is to show the contract effectivity date, original and revised expiry dates, period and reason for the suspension and time extension granted to the contractor, if any.
List of the operational equipment	To serve as proof that the equipment was at the project site with proof of actual mobilization and certification from the Project Engineer that these are operational.
Monthly Equipment and Manpower Report	To check the equipment present and utilized on the covered period of claim.
PNP/DILG Investigation Report	To verify/justify the contractor's claim for payment of Burned Equipment. It should contain the investigation and certification of the PNP/DILG in the area for the burning incident.
Site photographs	To verify the site condition or the condition of the damaged/burned equipment.
Project Engineer's Report	To check/verify the investigation of the Project Engineer stating the damaged equipment from the burning incident.
Contractor's request for the importation of equipment, exemption from duties and taxes for the exclusive use of the project	To prove the importation/shipment and presence of the equipment involved and being requested in the claim. It should be signed by the contractor's authorized representative.
DPWH endorsement to Department of Finance (DOF)	To further prove the presence/mobilization of the equipment involved and being requested in the claim.
Re-export Bond of the Equipment	To further prove the importation/shipment and presence of the equipment involved and being requested in the claim.

Bill of Lading	To verify the shipment of the equipment involved and being requested in the claim.
Certified True Copy by the PMO of the Leased Agreement of Equipment	To check the equipment leased by the IO. It should state the specific equipment exclusively used for the project duly notarized and received by the IO, if any.
Photocopy of the contractor's Field Logbook	To check the presence/mobilization of the equipment involved covering the period of claim duly signed by the IO representative.
Contractual Data and latest Status/Progress Report	To check/verify the accomplishment of the contractor. It should be duly signed by the Implementing Office.
Copy of the approved computation/table of predetermined unworkable days	To verify the inclusion of the predetermined unworkable days in the claim.

**iv. Procedure**

1. Claim for payment of Burned Equipment should be filed to the Commission on Audit by the contractor through a petition letter together with the computation of the filed claim and complete documentation in accordance with the approved checklist. It should be simultaneously submitted to the Implementing Office for review and evaluation.
2. The Commission on Audit shall order the Implementing Office to answer the petition.
3. The Implementing Office should conduct direct review/evaluation of the filed claim and recommend payment or non-payment thereof to the Price Escalation and Extraordinary Claims Review Committee (PEECRC). Also, the claim for burned units should be recommended by the Bureau of Equipment.
4. The PEECRC instructs the Technical Working Group (TWG), in coordination with the Bureau of Equipment (BOE), for further review/evaluation and validation of the recommendation of the Implementing Office.
5. The TWG and the BOE conducts review/evaluation of the claim and presents recommendation to the PEECRC.
6. The PEECRC conducts deliberation of the claim which shall be presented by the Implementing Office to determine disposition of the claim and prepares answer to the petition recommending payment or non-payment of the claim.
7. The answer to the petition shall be forwarded to the Secretary for approval/disapproval of the request for payment of the claim and forwards the answer to the petition to COA.

8. COA shall approve/disapprove the claim of the contractor and forwards the result to DPWH.
9. If approved, the Implementing Office shall request for funding from the Planning Service.
10. Corresponding payment to the approved claim for Payment of Burned Equipment shall be paid by the DPWH.

NOTE:

1. All construction related claims other than Price Escalation may be claimed as Extraordinary Claims, except for requests for funding. Also, all Money Claims should be submitted first to the Commission on Audit (COA) for review/evaluation.
2. All Extraordinary Claims shall be pursuant to the provisions set forth under the General Conditions of Contract (GCC)/ Special Conditions of Contract (SCC)/ Condition of Particular Application (COPA)/ Specific/Special Provisions (SP) of the Contract. Otherwise, the claim shall not be valid.

### **III. Jurisdiction of the PEECRC**

- A. The PEECRC shall review, evaluate, validate, and recommend payment or non-payment of the following claims of Contractors/Consultants of DPWH Projects:
  - 1. Price Escalation for Locally-funded and Foreign-funded Infrastructure Projects
  - 2. Price Escalation for Consulting Services for Foreign and Local
  - 3. Extraordinary contract-related claims:
    - a. Claim for Payment of Idle Time of Equipment/Personnel
    - b. Claim for Interest Payment Due to Delayed Payment of Progress Billing
    - c. Claim for Payment of Burned Equipment
    - d. Other contract-related claims except those listed in Item B hereof
  
- B. Further, the following contract-related claims, requests for funding shall be referred to the Legal, Planning, or Finance Service, as the case may be:
  - 1. Due to reverted funds
  - 2. To cover payment for cases decided by the Court, CIAC, or the Commission on Audit

# **Annex A**

Parametric formulas for each work item to  
compute the fluctuation factor K

**Parametric formulas for each work item to compute the fluctuation factor K**

Hereunder are the Parametric Formula for infrastructure projects:

1. Common earthwork fluctuation factor for clearing and grubbing, subgrade preparation, common excavation, common borrow, embankment construction, common fill or backfill and select borrow.

$$K1 = 0.15 + 0.05 (Li/Lo) + 0.60 (Ei/Eo) + 0.20 (Fi/Fo)$$

2. Rock excavation fluctuation factor

$$K2 = 0.15 + 0.08 (Li/Lo) + 0.27 (Zi/Zo) + 0.12 (Fi/Fo) + 0.38 (Ei/Eo)$$

3. Structural excavation fluctuation factor

$$K3 = 0.15 + 0.08 (Li/Lo) + 0.19 (Fi/Fo) + 0.58 (Ei/Eo)$$

4. Structural backfill fluctuation factor

$$K4 = 0.15 + 0.15 (Li/Lo) + 0.17 (Fi/Fo) + 0.53 (Ei/Eo)$$

5. Daywork fluctuation factor for equipment

$$K5 = 0.15 + 0.05 (Li/Lo) + 0.20 (Fi/Fo) + 0.60 (Ei/Eo)$$

6. Daywork fluctuation factor for labor

$$K6 = 0.15 + 0.85 (Li/Lo)$$

7. Graded subbase or base course fluctuation factor using screened or processed aggregate, granular materials, crushed adobe or the like

$$K7 = 0.15 + 0.02 (Li/Lo) + 0.62 (Bi/Bo) + 0.05 (Fi/Fo) + 0.16 (Ei/Eo)$$

8. Asphaltic materials fluctuation factor for prime or tack coat.

$$K8 = 0.15 + 0.01 (Li/Lo) + 0.82 (Ai/Ao) + 0.01 (Fi/Fo) + 0.01 (Ei/Eo)$$

9. Asphaltic concrete fluctuation factor for bituminous wearing or surface course.

$$K9 = 0.15 + 0.01 (Li/Lo) + 0.62 (Ai/Ao) + 0.12 (Bi/Bo) + 0.03 (Fi/Fo) + 0.07 (Ei/Eo)$$

10. Portland cement concrete pavement (PCCP) fluctuation factor

$$K10 = 0.15 + 0.02 (Li/Lo) + 0.47 (Ci/Co) + 0.21 (Bi/Bo) + 0.02 (Di/Do) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)$$

11. Concrete fluctuation factor for curb, gutter and sidewalk

$$K11 = 0.15 + 0.06 (Li/Lo) + 0.36 (Ci/Co) + 0.16 (Bi/Bo) + 0.03 (Di/Do) + 0.06 (Fi/Fo) + 0.18 (Ei/Eo)$$

12. Reinforced concrete structures fluctuation factor for bridge, culvert, retaining wall, bulkhead, piles, precast, parapet wall, railing, footing, columns, supporting slab and beam

$$K12 = 0.15 + 0.03 (Li/Lo) + 0.28 (Ci/Co) + 0.13 (Bi/Bo) + 0.03 (Di/Do) + 0.25 (Ri/Ro) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)$$

13. Reinforced concrete structures fluctuation factor for headwall, catch basin, manhole, drop inlet concrete post

$$K13 = 0.15 + 0.21 (Li/Lo) + 0.25 (Ci/Co) + 0.03 (Di/Do) + 0.19 (Ri/Ro) + 0.09 (Bi/Bo) + 0.02 (Fi/Fo) + 0.06 (Ei/Eo)$$

14. Reinforced concrete pipe (RCP) or culvert pipe (RCCP) fluctuation factor

$$K14 = 0.15 + 0.05 (Li/Lo) + 0.61 (Qi/Qo) + 0.02 (Ci/Co) + 0.01 (Bi/Bo) + 0.04 (Fi/Fo) + 0.12 (Ei/Eo)$$

15. Non-reinforced concrete pipes fluctuation factor

$$K15 = 0.15 + 0.13 (Li/Lo) + 0.69 (Qi/Qo) + 0.02 (Ci/Co) + 0.01 (Bi/Bo)$$

16. Concrete for structure Class A or B fluctuation factor

$$K16 = 0.15 + 0.03 (Li/Lo) + 0.41 (Ci/Co) + 0.19 (Bi/Bo) + 0.09 (Di/Do) + 0.04 (Fi/Fo) + 0.09 (Ei/Eo)$$

17. Grouted rip-rap or stone masonry fluctuation factor

$$K17 = 0.15 + 0.18 (Li/Lo) + 0.27 (Ci/Co) + 0.13 (Bi/Bo) + 0.07 (Fi/Fo) + 0.20 (Ei/Eo)$$

18. Concrete masonry (CHB) fluctuation factor

$$K18 = 0.15 + 0.33 (Li/Lo) + 0.30 (Qi/Qo) + 0.13 (Ci/Co) + 0.04 (Bi/Bo) + 0.01 (Fi/Fo) + 0.04 (Ei/Eo)$$

19. Reinforcing steel bars fluctuation factor

$$K19 = 0.15 + 0.06 (Li/Lo) + 0.67 (Ri/Ro) + 0.04 (Fi/Fo) + 0.08 (Ei/Eo)$$

20. Structural steel bars works fluctuation factor

$$K20 = 0.15 + 0.03 (Li/Lo) + 0.71 (Si/So) + 0.03 (Fi/Fo) + 0.08 (Ei/Eo)$$

21. Demolition of concrete structure fluctuation factor

$$K21 = 0.15 + 0.07 (Li/Lo) + 0.20 (Fi/Fo) + 0.58 (Ei/Eo)$$

22. Demolition of PCCP strip fluctuation factor

$$K22 = 0.15+0.09 (Li/Lo) + 0.19 (Fi/Fo) + 0.57 (Ei/Eo)$$

23. Demolition AC pavement strip fluctuation factor

$$K23 = 0.15+0.05 (Li/Lo) + 0.20 (Fi/Fo) + 0.60 (Ei/Eo)$$

24. Painting fluctuation factor with use of equipment

$$K24 = 0.15+0.28 (Li/Lo) + 0.48 (Ni/No) + 0.02 (Fi/Fo) + 0.07 (Ei/Eo)$$

25. Painting fluctuation factor using labor only

$$K25 = 0.15+0.19 (Li/Lo) + 0.66 (Ni/No)$$

26. Wood structure fluctuation factor for falsework, temporary wood bridge, wood guardrail

$$K26 = 0.15+0.06 (Li/Lo) + 0.63 (Di/Do) + 0.04 (Fi/Fo) + 0.12 (Ei/Eo)$$

27. Carpentry works fluctuation factor

$$K27 = 0.15+0.15 (Li/Lo) + 0.62 (Di/Do) + 0.02 (Fi/Fo) + 0.06 (Ei/Eo)$$

28. Cast and / or galvanized iron pipes fluctuation factor

$$K28 = 0.15+0.02 (Li/Lo) + 0.78 (Ii/Io) + 0.01 (Fi/Fo) + 0.04 (Ei/Eo)$$

29. Steel pipes fluctuation factor

$$K29 = 0.15+0.03 (Li/Lo) + 0.69 (Ii/Io) + 0.03 (Fi/Fo) + 0.10 (Ei/Eo)$$

30. Asbestos cement pipes fluctuation factor

$$K30 = 0.15+0.02 (Li/Lo) + 0.77 (Ki/Ko) + 0.02 (Fi/Fo) + 0.04 (Ei/Eo)$$

31. PVC pipes fluctuation factor

$$K31 = 0.15+0.07 (Li/Lo) + 0.69 (Ji/Jo) + 0.02 (Fi/Fo) + 0.07 (Ei/Eo)$$

32. Gate valves and fire hydrants fluctuation factor

$$K32 = 0.15+0.04 (Li/Lo) + 0.77 (Ii/Io) + 0.01 (Fi/Fo) + 0.03 (Ei/Eo)$$

33. Check valves fluctuation factor

$$K33 = 0.15+0.03 (Li/Lo) + 0.79 (Pi/Po) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)$$

34. Water service connection fluctuation factor

$$K34 = 0.15+0.10 (Li/Lo) + 0.40 (Pi/Po) + 0.35 (Ji/Jo)$$

35. Plumbing fixtures fluctuation factor

$$K35 = 0.15 + 0.08 (Li/Lo) + 0.77 (Pi/Po)$$

36. Plain and corrugated G.1 sheets fluctuation factor

$$K36 = 0.15 + 0.09 (Li/Lo) + 0.76 (Wi/Wo)$$

37. Cement plaster fluctuation factor

$$K37 = 0.15 + 0.38 (Li/Lo) + 0.37 (Ci/Co) + 0.10 (Bi/Bo)$$

38. Marble floor finish fluctuation factor

$$K38 = 0.15 + 0.07 (Li/Lo) + 0.03 (Ci/Co) + 0.01 (Bi/Bo) + 0.65 (Xi/Xo) + 0.03 (Fi/Fo) + 0.06 (Ei/Eo)$$

39. Glazed and ceramic tiles fluctuation factor

$$K39 = 0.15 + 0.12 (Li/Lo) + 0.66 (Xi/Xo) + 0.05 (Ci/Co) + 0.02 (Bi/Bo)$$

40. Window frames and grills fluctuation factor

$$K40 = 0.15 + 0.09 (Li/Lo) + 0.53 (Si/So) + 0.06 (Fi/Fo) + 0.17 (Ei/Eo)$$

41. Glazing fluctuation factor

$$K41 = 0.15 + 0.03 (Li/Lo) + 0.82 (Gi/Go)$$

42. Electrical rough in fluctuation factor

$$K42 = 0.15 + 0.16 (Li/Lo) + 0.69 (Vi/Vo)$$

43. Lighting fixtures and devices fluctuation factor

$$K43 = 0.15 + 0.13 (Li/Lo) + 0.72 (Ui/Uo)$$

44. PVC waterstop (9") fluctuation factor

$$K44 = 0.15 + 0.03 (Li/Lo) + 0.82 (Ji/Jo)$$

45. Electrical wood pole fluctuation factor

$$K45 = 0.15 + 0.01 (Li/Lo) + 0.73 (Di/Do) + 0.03 (Fi/Fo) + 0.08 (Ei/Eo)$$

46. Wood crossarm fluctuation factor

$$K46 = 0.15 + 0.11 (Li/Lo) + 0.74 (Di/Do)$$

47. Lightning arrester (3,000v to 15,000v) fluctuation factor

$$K47 = 0.15 + 0.09 (Li/Lo) + 0.76 (Ti/To)$$

48. Transformers (10KVA to 50KVA) fluctuation factor

$$K48 = 0.15 + 0.01 (Li/Lo) + 0.81 (Ti/To) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)$$

49. Bare copper wire fluctuation factor

$$K49 = 0.15 + 0.04 (Li/Lo) + 0.79 (Ti/To) + 0.01 (Fi/Fo) + 0.01 (Ei/Eo)$$

50. Bare aluminum wire fluctuation factor

$$K50 = 0.15 + 0.13 (Li/Lo) + 0.69 (Ti/To) + 0.01 (Fi/Fo) + 0.02 (Ei/Eo)$$

51. Dredging fluctuation factor

$$K51 = 0.15 + 0.06 (Li/Lo) + 0.20 (Fi/Fo) + 0.59 (Ei/Eo)$$

52. General construction fluctuation factor (for others not covered by any or combination of the above 51 fluctuation factors)

$$K52 = 0.15 + 0.85 (Mi/Mo)$$

Where:

Mi - current general construction price index figure  
Mo - base general construction price index figure

Li - current labor index figure  
Lo - base labor index figure

Ei - current equipment index figure  
Eo - base equipment index figure

Ai - current asphaltic material price index figure  
Ao - base asphaltic material price index figure

Bi - current aggregates material price index figure  
Bo - base aggregates material price index figure

Ci - current cement price index figure  
Co - base cement price material index figure

Di - current lumber material price index figure  
Do - base lumber material price index figure

Fi - current automotive fuel price index figure  
Fo - base automotive fuel price index figure

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Gi	-	current glass and glazing material price index figure
Go	-	base glass and glazing material price index figure
Hi	-	current hardware material price index figure
Ho	-	base hardware material price material index figure
Ii	-	current galvanized and/ or cast iron pipe (Plumbing) material price index figure
Io	-	base galvanized and/or cast iron pipe (Plumbing) material price index figure
Ji	-	current polyvinyl chloride pipe (Plumbing) material price index figure
Jo	-	base polyvinyl chloride pipe (Plumbing) material price index figure
Ki	-	current asbestos cement pipe (Plumbing) material price index figure
Ko	-	base asbestos cement pipe (Plumbing) material price index figure
Ni	-	current paint material price index figure
No	-	base paint material price index figure
Pi	-	current plumbing fixtures material price index figure
Po	-	base plumbing fixtures material price index figure
Qi	-	current concrete products material price index figure
Qo	-	base concrete products material price index figure
Ri	-	current reinforcing steel material price index figure
Ro	-	base reinforcing steel material price index figure
Si	-	current structural steel material price index figure
So	-	base structural steel material price index figure
Ti	-	current exterior electrical material price index figure
To	-	base exterior electrical material price index figure
Ui	-	current electrical fixtures/ devices material price index figure
Uo	-	base electrical fixtures/ devices material price index figure
Vi	-	current electrical (rough-in) material price index figure
Vo	-	base electrical (rough-in) material price index figure
Wi	-	current metal products material price index figure
Wo	-	base metal products material price index figure
Xi	-	current tile work material price index figure
Xo	-	base tile work material price index figure
Zi	-	current blasting material price index figure
Zo	-	base blasting material price index figure

# **Annex B**

## **Sample Computation for Price Escalation (Locally Funded Civil Works Project)**

### Sample Computation for Price Escalation

(Locally Funded Civil Works Project)

1. If there is a legal basis to claim for price escalation in accordance with the guidelines, proceed to the next item.
2. The date of bid opening for the subject contract was May 2021 and the contract was implemented starting August 2021.
3. The claim is for Price Escalation covering *Progress Billing (PB) Nos. 1, 2, and 3.*

Progress Billing	Covering Period
No. 1	August 31, 2021 – December 15, 2021
No. 2	December 16, 2021 – February 25, 2022
No. 3	February 26, 2022 – June 24, 2022

4. The thirty (30) – month historical data for testing compliance with the Technical Parameters under Section 5.2.2 of Appendix 15 of the I.R.R. of R.A. 9184 is from December 2018 to May 2021.
5. The Work Item identified to have been affected by the Extraordinary Circumstances is Item 404(1)a or Reinforcing Steel (Grade 40). The Parametric Formula to be used is K19 or Reinforcing Steel Bars.

$$K19 = 0.15 + 0.06 (Li/Lo) + 0.67 (Ri/Ro) + 0.04 (Fi/Fo) + 0.08(Ei/Eo)$$

Where: L – refers to labor index

R – refers to reinforcing steel bars wholesale price index

F – refers to automotive fuel price index

E – refers to equipment price index

i – refers to the value of index for the month under consideration

o – refers to the value of the index during opening of bid

### Determination whether Price Escalation may be Granted or Denied

The following steps illustrate how to determine whether request for price escalation may be granted using the 2 Standard Deviation (2 STDEV) rule under Section 5.2.2.a:

1. Compute for the Mean for each component of K19 using the data in Table 1 for the entire thirty (30) month period (December 2018 to May 2021)

Table 1: Computation for the Mean

K19 Component	Formula for Mean	Mean
Labor (L)	$\frac{\sum L \text{ from Dec2018 to May2021}}{30}$	400.00
Reinforcing Steel (R)	$\frac{\sum R \text{ from Dec2018 to May2021}}{30}$	116.17

Automotive Fuel (F)	$\frac{\Sigma F \text{ from Dec2018 to May2021}}{30}$	116.03
Equipment (E)	$\frac{\Sigma E \text{ from Dec2018 to May2021}}{30}$	150.30

2. Compute the 2 STDEV above Mean ( $2\Phi + \bar{x}$ ) of each K19 component by adding the Mean computed under step 1 to the 2STDEV. The 2STDEV is computed by getting the STDEV of the thirty (30) - month historical data of each K19 component and multiplying it by 2.

Table 2: Computation for the 2STDEV above Mean

K19 Component	STDEV	2STDEV (STDEV*2)	$2\Phi + \bar{x}$ 2STDEV + Mean
Labor (L)	0	0	400.00
Reinforcing Steel (R)	1.3531	2.7062	118.87
Automotive Fuel (F)	7.0163	14.0326	130.06
Equipment (E)	2.9732	5.9464	156.25

$$SD = \sqrt{\frac{\sum_1^n (X - \bar{X})^2}{n}}$$

Where: X – is the entire list of numbers  
 $\bar{X}$  – is the mean  
 n – is the number of months

$$SD(Labor) = \sqrt{\frac{\Sigma n (0.00)}{30}}$$

$$SD = \sqrt{0.00}$$

$$SD = 0.00$$

$$SD(RSB) = \sqrt{\frac{\Sigma n (54.93)}{30}}$$

$$SD = \sqrt{1.83}$$

$$SD = 1.3531$$

$$SD(Fuel) = \sqrt{\frac{\Sigma n (1476.86)}{30}}$$

$$SD = \sqrt{49.23}$$

$$SD = 7.0163$$

$$SD(Equipment) = \sqrt{\frac{\Sigma n (265.20)}{30}}$$

$$SD = \sqrt{8.84}$$

$$SD = 2.9732$$

- Establish the K19 Threshold by substituting the values of the 2STDEV + Mean computed in Step 2 into the K19 Parametric Formula. This will be the value of the K19 Threshold for all three (3) Progress Billings. Formula as follows:

$$K19 \text{ Threshold} = 0.15 + 0.06(2\Phi + \mu)_L + 0.67(2\Phi + \mu)_R + 0.04(2\Phi + \mu)_F + 0.08(2\Phi + \mu)_E$$

$$K19 \text{ Threshold} = 0.15 + 0.06(400.00) + 0.67(118.87) + 0.04(130.06) + 0.08(156.25)$$

$$K19 \text{ Threshold} = 121.50$$

- Compute for the Average Value of the price indices for each progress billing under consideration for contract price escalation.

Progress Billing	Covering Period	Months
No. 1	August 31, 2021 – December 15, 2021	September 2021 October 2021 December 2021
No. 2	December 16, 2021 – February 25, 2022	January 2022 February 2022
No. 3	February 26, 2022 – June 24, 2022	March 2022 April 2022 May 2022 June 2022

\* allowed to be less than 6 months since this is the expiry of the contract

K19 Component	Average Value		
	PB 1	PB 2	PB 3
Labor (L)	400.00	400.00	400.00
Reinforcing Steel (R)	125.00	127.00	134.19
Automotive Fuel (F)	140.68	148.70	178.70
Equipment (E)	152.90	152.90	152.90

- Establish K19 Average by computing the Average Value of the work item for each billing under consideration for price escalation (September 2021 to December 2021, January 2022 to February 2022, and March 2022 – June 2022) as follows:

For Progress Billing Nos. 1

$$K19 = 0.15 + 0.06(Ave)_L + 0.67(Ave)_R + 0.04(Ave)_F + 0.08(Ave)_E$$

$$K19 = 0.15 + 0.06(400.00) + 0.67(125.00) + 0.04(140.68) + 0.08(152.90)$$

$$K19 = 125.76$$

For Progress Billing Nos. 2

$$K19 = 0.15 + 0.06(Ave)_L + 0.67(Ave)_R + 0.04(Ave)_F + 0.08(Ave)_E$$

$$K19 = 0.15 + 0.06(400.00) + 0.67(127.00) + 0.04(148.70) + 0.08(178.70)$$

$$K19 = 129.48$$

For Progress Billing No. 3

$$K19 = 0.15 + 0.06(Ave)_L + 0.67(Ave)_R + 0.04(Ave)_F + 0.08(Ave)_E$$

$$K19 = 0.15 + 0.06(400.00) + 0.67(134.19) + 0.04(178.70) + 0.08(152.90)$$

$$K19 = 133.44$$

6. To determine whether the request for price escalation may be granted, the K19 Average shall be compared to the K19 Threshold. If K19 Average is greater than K19 threshold, price escalation may be granted; otherwise the request for price escalation shall be denied.

Progress Billing	K19 Average	K19 Threshold	Determination
No. 1	125.76	121.50	GRANTED
No. 2	129.48	121.50	GRANTED
No. 3	133.44	121.50	GRANTED

7. In the above example, all K19 Averages are greater than the K19 Threshold. Therefore, price escalation may be granted for all items categorized as K19 under PB No. 1, PB No. 2, and PB No. 3.

### Computation for Amount of Price Escalation

After determining that price escalation may be granted for the period under consideration, the computation for the amount to be granted is done for each month of said period.

1. Compute the Monthly Rates of Increase for the period granted under consideration (August 31, 2021 – June 24, 2022):

*Note: Ratios between current and base indices were shown with two (2) decimal places only but these values were not rounded off in the actual computations. Only the final K Factors were rounded to four (4) decimal places.*

$$K19 \text{ September} = 0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$$

$$K19 \text{ September} = 0.15 + 0.06 (400.00/400.00) + 0.67 (124.40/116.90) + 0.04 (132.90/124.80) + 0.08 (152.90/152.90)$$

$$K19 \text{ September} = 0.15 + 0.06 (1.00) + 0.67 (1.06) + 0.04 (1.06) + 0.08 (1.00)$$

$$K19 \text{ September} = \mathbf{1.0456}$$

$$K19 \text{ October} = 0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$$

$$K19 \text{ October} = 0.15 + 0.06 (400.00/400.00) + 0.67 (124.80/116.90) + 0.04 (142.60/124.80) + 0.08 (152.90/152.90)$$

$$K19 \text{ October} = 0.15 + 0.06 (1.00) + 0.67 (1.07) + 0.04 (1.14) + 0.08 (1.00)$$

$$K19 \text{ October} = \mathbf{1.0510}$$

$$K19 \text{ November} = 0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$$

$$K19 \text{ November} = 0.15 + 0.06 (400.00/400.00) + 0.67 (125.20/116.90) + 0.04 (147.10/124.80) + 0.08 (152.90/152.90)$$

K19 November =  $0.15 + 0.06 (1.00) + 0.67 (1.07) + 0.04 (1.18) + 0.08 (1.00)$   
K19 November = **1.0547**

K19 December =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 December =  $0.15 + 0.06 (400.00/400.00) + 0.67 (125.60/116.90) + 0.04 (140.10/124.80) + 0.08 (152.90/152.90)$   
K19 December =  $0.15 + 0.06 (1.00) + 0.67 (1.07) + 0.04 (1.12) + 0.08 (1.00)$   
K19 December = **1.0548**

K19 January =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 January =  $0.15 + 0.06 (400.00/400.00) + 0.67 (126.40/116.90) + 0.04 (144.00/124.80) + 0.08 (152.90/152.90)$   
K19 January =  $0.15 + 0.06 (1.00) + 0.67 (1.08) + 0.04 (1.15) + 0.08 (1.00)$   
K19 January = **1.0606**

K19 February =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 February =  $0.15 + 0.06 (400.00/400.00) + 0.67 (127.60/116.90) + 0.04 (153.40/124.80) + 0.08 (152.90/152.90)$   
K19 February =  $0.15 + 0.06 (1.00) + 0.67 (1.09) + 0.04 (1.23) + 0.08 (1.00)$   
K19 February = **1.0705**

K19 March =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 March =  $0.15 + 0.06 (400.00/400.00) + 0.67 (131.60/116.90) + 0.04 (168.10/124.80) + 0.08 (152.90/152.90)$   
K19 March =  $0.15 + 0.06 (1.00) + 0.67 (1.13) + 0.04 (1.35) + 0.08 (1.00)$   
K19 March = **1.0981**

K19 April =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 April =  $0.15 + 0.06 (400.00/400.00) + 0.67 (132.40/116.90) + 0.04 (173.50/124.80) + 0.08 (152.90/152.90)$   
K19 April =  $0.15 + 0.06 (1.00) + 0.67 (1.13) + 0.04 (1.39) + 0.08 (1.00)$   
K19 April = **1.1044**

K19 May =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 May =  $0.15 + 0.06 (400.00/400.00) + 0.67 (135.30/116.90) + 0.04 (182.30/124.80) + 0.08 (152.90/152.90)$   
K19 May =  $0.15 + 0.06 (1.00) + 0.67 (1.16) + 0.04 (1.46) + 0.08 (1.00)$   
K19 May = **1.1239**

K19 June =  $0.15 + 0.06 (L_i/L_o) + 0.67 (R_i/R_o) + 0.04 (F_i/F_o) + 0.08 (E_i/E_o)$   
K19 June =  $0.15 + 0.06 (400.00/400.00) + 0.67 (137.30/116.90) + 0.04 (190.90/124.80) + 0.08 (152.90/152.90)$   
K19 June =  $0.15 + 0.06 (1.00) + 0.67 (1.17) + 0.04 (1.53) + 0.08 (1.00)$   
K19 June = **1.1381**

2. Compute the average of the K Factors for the six-month periods under consideration for contract price escalation.

Progress Billing	Covering Period	K Factors	K Factor for the Billing <i>(Average of K Factors of Each Month)</i>
No. 1	August 31, 2021 – December 15, 2021	1.0456	1.0515
		1.0510	
		1.0547	
		1.0548	
No. 2	December 16, 2021 – February 25, 2022	1.0606	1.0656
		1.0705	
No. 3	February 26, 2022 – June 24, 2022	1.0981	1.1161
		1.1044	
		1.1239	
		1.1381	

Compute the Percentage Rate of Increase for the Work item for each billing period under consideration based on the conditions indicated below:

$$\begin{aligned} \text{Where } K > 1.05, & \quad P = P_o (K - 0.05) \\ \text{Where } 0.95 \leq K \leq 1.05, & \quad P = P_o \\ \text{Where } K < 0.95, & \quad P = P_o (K + 0.05) \end{aligned}$$

Therefore,

$$\begin{aligned} P_{PB1} &= P_o (1.0515 - 0.05) \\ P_{PB1} &= \mathbf{P_o (1.0015)} \end{aligned}$$

$$\begin{aligned} P_{PB2} &= P_o (1.0656 - 0.05) \\ P_{PB2} &= \mathbf{P_o (1.0156)} \end{aligned}$$

$$\begin{aligned} P_{PB3} &= P_o (1.1161 - 0.05) \\ P_{PB3} &= \mathbf{P_o (1.0661)} \end{aligned}$$

This shows that the escalated values of the work items under PB No. 1, PB No. 2 and PB No. 3 are 0.15%, 1.56% and 6.61%, respectively, higher than the original value of the work item.

3. Compute the Escalated Value to be granted for the work item by applying the Percentage Rate of Increase to the accomplished amount of the Work Item in question, which should be supported by official receipts, sales invoices, and other acceptable documentary evidence, as follows:

*Computation for the Escalated Value*

Progress Billing	Percentage Rate of Increase	Amount of Accomplishment of 404(1)a	Amount of Price Escalation
1	0.15%	₱ 100,000.00	₱ 150.00
2	1.56%	₱ 100,000.00	₱ 1,560.00
3	6.61%	₱ 100,000.00	₱ 6,610.00

# **Annex C**

## **Sample Computation for Price Escalation (Foreign-Assisted Civil Works Projects)**

### Sample Computation for Price Escalation

(Foreign-Assisted Civil Works Project)

1. If there is a legal basis to claim for price escalation in accordance with the guidelines, proceed to next item.
2. The date of bid opening for the subject contract was **July 7, 2020** and the contract was implemented starting February 24, 2021.
3. The claim is for *Progress Billing (PB) Nos. 1, and 2* covering the period from *February 24, 2021 to March 25, 2021* and *March 26, 2021 to April 25, 2021*, respectively.
4. Verify if the contract has a "Table of Adjustment Data". The data provided therein will be used in the formulae for Price Escalation:

$$P_n = a + b \frac{L_n}{L_o} + c \frac{E_n}{E_o} + d \frac{M_n}{M_o} + \dots$$

5. Determination of the *reference date* base cost indices or reference prices for period "n", **L<sub>o</sub>, E<sub>o</sub>, M<sub>o</sub> ...**
  - a. The Date of Bid Opening (indicated in the Resolution of Award of Contract) will be the reference date for the base cost indices or references prices (L<sub>o</sub>, E<sub>o</sub>, M<sub>o</sub>), unless otherwise indicated in the Table of Adjustment Data when the reference date will be based.
  - b. In this example, **July 7, 2020** will be the base date used as reference in the determination of the base cost indices or references prices.
6. Determination of the current cost indices or reference prices, **L<sub>n</sub>, E<sub>n</sub>, M<sub>n</sub> ...**
  - a. The last day of the period to which the particular Payment Certificate relates will be the reckoning date in the determination of reference date for the current cost indices or reference prices L<sub>n</sub>, E<sub>n</sub>, M<sub>n</sub>. The reference date will be reckoned 49 days prior to the last day of the period.
  - b. Below is the example in the determination of the reference date for the current cost indices or reference prices:

Payment No. (PB)	Covering Period	Last day of the period	Reference Date (49 days prior to the last day of the period)
1	February 24, 2021 to March 25, 2021	March 25, 2021	<b>February 4, 2021</b>
2	March 26, 2021 to April 25, 2021	April 25, 2021	<b>March 7, 2021</b>

7. Determination of the values of indices for the base and the current cost indices or references prices using the Construction Materials Wholesale Price Index (CMWPI) issued by the Philippine Statistic Authority (PSA).

*For Billing No. 1*

Base Reference date: **July 7, 2020**

Current Reference date: **February 4, 2021**

Index Description	Weighting (Table of Adjustment Data)	Base Value of Indices	Current Value of Indices
Non Adjustable	0.10		
Local Labor	0.04	316.00	316.00
Equipment	0.34	152.90	152.90
Fuel and Oil	0.22	112.50	116.40
Cement	0.06	123.00	122.90
Concrete Aggregates	0.05	133.50	137.90
Reinforcing Steel	0.02	115.20	119.00
General Construction Materials	0.17	119.30	121.10

*For Billing No. 2*

Base Reference date: **July 7, 2020**

Current Reference date: **March 7, 2021**

Index Description	Weighting (Table of Adjustment Data)	Base Value of Indices	Current Value of Indices
Non Adjustable	0.10		
Local Labor	0.04	316.00	316.00
Equipment	0.34	152.90	152.90
Fuel and Oil	0.22	112.50	123.30
Cement	0.06	123.00	123.00
Concrete Aggregates	0.05	133.50	138.50
Reinforcing Steel	0.02	115.20	119.10
General Construction Materials	0.17	119.30	121.40

8. Apply the data in the above table to the formula in the computation of Pn.

$$Pn_{PB1} = 0.10 + 0.04 \frac{(316.00)}{(316.00)} + 0.34 \frac{(152.90)}{(152.90)} + 0.22 \frac{(116.40)}{(112.50)} + 0.06 \frac{(122.90)}{(123.00)} + 0.05 \frac{(137.90)}{(133.50)} + 0.02 \frac{(119.10)}{(115.20)} + 0.17 \frac{(121.10)}{(119.30)}$$

**Pn<sub>PB1</sub> = 1.0125**

$$Pn_{PB2} = 0.10 + 0.04 \frac{(316.00)}{(316.00)} + 0.34 \frac{(152.90)}{(152.90)} + 0.22 \frac{(123.30)}{(112.50)} + 0.06 \frac{(123.00)}{(123.00)} + 0.05 \frac{(138.50)}{(133.50)} + 0.02 \frac{(119.10)}{(115.20)} + 0.17 \frac{(121.40)}{(119.30)}$$

**Pn<sub>PB2</sub> = 1.0267**

This shows that the Escalated Value of the work item PB Nos. 1 and 2 is 1.25% and 2.67%, respectively, higher than the original value of the amount accomplished.

9. Compute for the amount subject for Price Escalation. The Accomplishment for the period less the deductions not subject for Price Escalation will be the amount to be escalated.
10. Apply the Pn values to the amount subject for Price Escalation.

<b>Payment No.</b> (PB)	<b>Amount Subject for Price Escalation</b>	<b>Adjustment Factor (Pn)</b>	<b>Escalated Amount</b>
1	Php 754,832.15	1.0125	Php 764,230.20
2	Php 1,287,141.84	1.0267	Php 1,321,459.87

11. Compute the Escalated Value to be granted. The difference between the escalated amount and the amount subject for price escalation will be the recommended amount for price escalation for PB Nos. 1 and 2.

<b>Payment No.</b> (PB)	<b>Amount Subject for Price Escalation</b>	<b>Escalated Amount</b>	<b>Amount of Price Escalation</b>
1	Php 754,832.15	Php 764,230.20	<b>Php 9,398.05</b>
2	Php 1,287,141.84	Php 1,321,459.87	<b>Php 34,318.03</b>

# **Annex D**

## **Sample Computation for Price Escalation (Foreign-Assisted Consulting Services Contract)**

**Sample Computation for Price Escalation**  
(Foreign-Assisted Consulting Services Contract)

1. If there is a legal basis to claim for price escalation in accordance with the General Conditions of Contract (GCC)/ Condition of Particular Application (COPA)/ Specific/Special Provisions (SP) of the Contract, proceed to next item.
2. The effectivity date of the contract was **March 23, 2015**.
3. The claim is for Progress Billing Nos. 1 & 2 covering the period from April 1, 2016 to September 30, 2016, and October 1, 2016 to March 31, 2017.
4. The data provided in the GCC/SC/COPA shall be used in the formulae for Price Escalation:

SAMPLE FORMULAE AS SPECIFIED IN THE GCC/COPA/SP:

- (b) Remuneration paid in foreign currency pursuant to the rates set forth in Appendix E shall be adjusted **every 12 months** (and, the first time, with the effect for the remuneration earned in the 13<sup>th</sup> calendar month after the date of the Contract) by applying the following formula:

$$R_F = R_o \times I/I_o$$

Where:

- $R_F$  – Adjusted remuneration
- $R_o$  – Original remuneration rates for foreign experts
- $I$  – Official index in the country of the foreign experts for the first month for which the adjustment is supposed to have effect
- $I_o$  – Official index in the country of the foreign experts for the month of the date of the Contract

- (c) Remuneration paid in local currency pursuant to the rates set forth in Appendix F shall be adjusted **every 12 months** (and, the first time, with the effect for the remuneration earned in the 13<sup>th</sup> calendar month after the date of the Contract) by applying the following formula:

$$R_L = R_o \times I/I_o$$

Where:

- $R_L$  – Adjusted remuneration
- $R_o$  – Original remuneration rates for local experts
- $I$  – Official index in the country of the local experts for the first month for which the adjustment is supposed to have effect
- $I_o$  – Official index in the country of the local experts for the month of the date of the Contract

5. In this example, **March 23, 2015** will be the base date for the determination of the base cost indices or references prices in accordance with the above-mentioned provision.
6. The reference date for the current cost indices or reference prices will be **April 2016** in accordance with the above-mentioned provision.

- Determination of the values of indices for the base and the current cost indices or references prices based from the country of the foreign and local experts in accordance with the above-mentioned provision.

*Foreign Experts*

	Period	I <sub>f</sub>	I <sub>fo</sub>	I <sub>f</sub> /I <sub>fo</sub>
Year 1	Apr. 1, 2016 to Mar. 31, 2017	83.50	80.30	1.0399

*Local Experts*

	Period	I <sub>l</sub>	I <sub>lo</sub>	I <sub>l</sub> /I <sub>lo</sub>
Year 1	Apr. 1, 2016 to Mar. 31, 2017	694.848	692.490	1.0034

The claim for Price Escalation No. 1 covers both Progress Billing Nos. 1 & 2 from April 1, 2016 to March 31, 2017 since the remuneration for both foreign and local currency shall be adjusted **every 12 months** in accordance with the above-mentioned provision.

- Determine the number of Man-Months of each personnel involved in the request for Price Escalation No. 1 based on the submitted Daily Time Record (DTR) duly signed by the Consultant and authorized official of the Implementing Office.

Personnel		Price Escalation No. 1												Total Man-Months
		2016						2017						
		Billing No. 1						Billing No. 2						
Name	Position	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	
A. Foreign Key Staff														
AAA. B. CCC.	Team Leader	1.00	0.60	1.00	1.00	0.30	0.73	0.67	1.00	1.00	1.00	1.00	0.60	9.90
B. Local Key Staff														
AAA. B. CCC.	Co-Team Leader	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	12.00

- Compute for the Adjusted Remuneration using the formula as specified in the GCC/COPA/SP. In this case, the above-mentioned formulae shall be used.

Personnel		Original Rate	I/I <sub>o</sub>	Adjusted Rate
Name	Position			
A. Foreign Key Staff				
1	AAA. B. CCC. Team Leader	¥2,400,000.00	1.0399	¥2,495,760.00
B. Local Key Staff				
1	AAA. B. CCC. Co-Team Leader	₱150,000.00	1.0034	₱150,510.00

- Compute the amount of Price Escalation to be granted.

Personnel		Original Rate	I/I <sub>o</sub>	Adjusted Rate	Total Man-Months (Apr 2016 – Mar 2017)	Differential	Escalation Amount (PhP)
Name	Position						
		A	B	C = A * B	D	E = C - A	F = D * E
A. Foreign Key Staff							
1	AAA. B. CCC. Team Leader	¥2,400,000.00	1.0399	¥2,495,760.00	9.90	¥95,760.00	*₱388,879.44
B. Local Key Staff							
1	AAA. B. CCC. Co-Team Leader	₱150,000.00	1.0034	₱150,510.00	12.00	₱510.00	₱6,120.00
<b>Grand Total</b>							<b>₱394,999.44</b>

\*¥ 1 = ₱ 0.4102

# **Annex E**

## **Sample Forms for the Computation of Price Escalation**



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Summary of Claim for Price Escalation**

**CONTRACT NAME** : \_\_\_\_\_

**CONTRACTOR** : \_\_\_\_\_

**IMPLEMENTING OFFICE** : \_\_\_\_\_

**PRICE ESCALATION NO.** : \_\_\_\_\_

PAYMENT NO.	PERIOD COVERED		AMOUNT OF BILLING	ALLOWABLE ESCALATION AMOUNT	RECOUPMENT			AMOUNT OF PRICE ESCALATION
	FROM	TO			AMOUNT	EQUIVALENT DEDUCTION RATE	ACTUAL DEDUCTION DUE TO RECOUPMENT	
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	$F = E \div C$	$G = F \times D$	$H = D - G$	
<b>GRAND TOTAL</b>								

Prepared by:

Checked and Submitted by:

\_\_\_\_\_  
Authorized Official of the Contractor

\_\_\_\_\_  
Head of the Implementing Office

Reviewed by:

Recommending Approval:

Approved by: (As to Computation)

\_\_\_\_\_  
Head of TWG, PEECRC

\_\_\_\_\_  
Vice-Chairperson, PEECRC

\_\_\_\_\_  
Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Detailed Computation of Allowable Escalation Amount**

**CONTRACT NAME** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_

**DATE OF BID OPENING:** \_\_\_\_\_  
**DATE OF EFFECTIVITY:** \_\_\_\_\_  
**ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**REVISED EXPIRY DATE:** \_\_\_\_\_  
**PROGRESS BILLING NO:** \_\_\_\_\_

ITEM NO.	ITEM DESCRIPTION	ORIGINAL UNIT PRICE	QUANTITY ACCOMPLISHED	AMOUNT BILLED FOR THE PERIOD	FLUCTUATION FACTOR	$K_{\text{threshold}}$	$K_{\text{average}}$	DECISION (GRANTED OR NOT GRANTED)	COMPUTED FLUCTUATION FACTOR K	CONDITION TO BE USED*	PERCENTAGE RATE OF INCREASE	ADJUSTED UNIT PRICE	ADJUSTED BILLING AMOUNT	ALLOWABLE ESCALATION AMOUNT
A	B	C	D	$E = C \times D$	F	G	H	I	J	K	L (Final K Value based on Column J)	$M = C \times L$	$N = D \times M$	$O = N - E$
<b>GRAND TOTAL</b>														

*Note: \*Conditions to be Used*  
 Where  $K > 1.05$   $P = Po (K - 0.10)$   
 Where  $0.95 < K < 1.05$   $P = Po$  (No escalation)  
 Where  $K < 0.95$   $P = Po (K + 0.10)$

Prepared by: \_\_\_\_\_ Checked and Submitted by: \_\_\_\_\_ Reviewed by: \_\_\_\_\_ Recommending Approval: \_\_\_\_\_  
 Authorized Official of the Contractor Head of the Implementing Office Head of TWG, PEECRC Vice-Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**Quality Management System**  
**Detailed Computation of Fluctuation Factor**

**CONTRACT NAME** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_

**DATE OF BID OPENING:** \_\_\_\_\_  
**DATE OF EFFECTIVITY:** \_\_\_\_\_  
**ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**REVISED EXPIRY DATE:** \_\_\_\_\_  
**PROGRESS BILLING NO:** \_\_\_\_\_

Item No.	Item Description	K Factor	Fixed Coefficient	Labor Coefficient	Material Coefficient	Equipment Coefficient	Add Coefficients as Needed	Labor Index (current)	Labor Index (base*)=	Material Index (current)	Material Index (base*)=	Equipment Index (current)	Equipment Index (base*)=	Add Columns as Needed	Fluctuation Factor K
									Current Index / Base Index		Current Index / Base Index		Current Index / Base Index		
A	B	C	D	E	F	G		H	I	J	K	L	M		$N = D + E(I) + F(K) + G(M)$

Note: \* - base indices are the indices reckoned on the date of opening of bids

Prepared by: \_\_\_\_\_ Checked and Submitted by: \_\_\_\_\_ Reviewed by: \_\_\_\_\_ Recommending Approval: \_\_\_\_\_  
 Authorized Official of the Contractor Head of the Implementing Office Head of TWG, PEECRC Vice-Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

Quality Management System

Summary of Claim for Price Escalation

CONTRACT NAME : \_\_\_\_\_

CONTRACTOR : \_\_\_\_\_

IMPLEMENTING OFFICE : \_\_\_\_\_

PRICE ESCALATION NO. : \_\_\_\_\_

PAYMENT NO.	PERIOD COVERED		AMOUNT OF BILLING	AMOUNT SUBJECT FOR PRICE ESCALATION	ADJUSTMENT FACTOR P <sub>n</sub>	TOTAL ADJUSTMENT	AMOUNT OF PRICE ESCALATION
	FROM	TO					
<i>A</i>	<i>B</i>		<i>C</i>	<i>D</i>	<i>E</i>	$F = D * E$	$G = F - D$
<b>GRAND TOTAL</b>							

Prepared by:

Checked and Submitted by:

\_\_\_\_\_  
Authorized Official of the Contractor

\_\_\_\_\_  
Head of the Implementing Office

Reviewed by:

Recommending Approval:

Approved by: (As to Computation)

\_\_\_\_\_  
Head of TWG, PEECRC

\_\_\_\_\_  
Vice-Chairperson, PEECRC

\_\_\_\_\_  
Chairperson, PEECRC

Note: For contracts with Local and Foreign currencies, one form per currency should be used.

	DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS <b>Quality Management System</b>  <b>Detailed Computation of Amount Subject for Price Escalation</b>
---	---

**CONTRACT NAME** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_

**DATE OF BID OPENING:** \_\_\_\_\_  
**DATE OF EFFECTIVITY:** \_\_\_\_\_  
**ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**REVISED EXPIRY DATE:** \_\_\_\_\_

PAYMENT NO.	PERIOD COVERED		ACCOMPLISHMENT		DEDUCTIONS				AMOUNT SUBJECT FOR PRICE ESCALATION
	FROM	TO	Monthly % Accomp.	Monthly Accomp. Amount	Recoupment	Provisional Sum	Amount of New Item/ Extra Work Order	Part A and Part B	
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	$E = D - (E+F+G+H)$	
<b>GRAND TOTAL</b>									

Prepared by:

\_\_\_\_\_

Authorized Official of the Contractor

Checked and Submitted by:

\_\_\_\_\_

Head of the Implementing Office

Reviewed by:

\_\_\_\_\_

Head of TWG, PEECRC

Recommending Approval:

\_\_\_\_\_

Vice-Chairperson, PEECRC

*Note: For contracts with Local and Foreign currencies, one form per currency should be used.*



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Detailed Computation of Adjustment Factor**

CONTRACT NAME: \_\_\_\_\_

DATE OF BID OPENING: \_\_\_\_\_

CONTRACTOR: \_\_\_\_\_

DATE OF EFFECTIVITY: \_\_\_\_\_

IMPLEMENTING OFFICE: \_\_\_\_\_

ORIGINAL EXPIRY DATE: \_\_\_\_\_

REVISED EXPIRY DATE: \_\_\_\_\_

PAYMENT NO.	PERIOD COVERED		Fixed Coefficient	Labor Coefficient	Material Coefficient	Equipment Coefficient	Ln (Current Labor Indices)	Lo (Base)=__	Mn (Current Material Indices)	Mo (Base)=__	En (Current Equipment Indices)	Eo (Base)=__	Adjustment Factor Pn
	FROM	TO					Ln/Lo	Mn/Mo	En/Eo				
A	B		C	D	E	F	G	H	I	J	K	L	$M = C + D(H) + E(I) + F(L)$

Prepared by:

Checked and Submitted by:

\_\_\_\_\_  
Authorized Official of the Contractor

\_\_\_\_\_  
Head of the Implementing Office

Reviewed by:

Recommending Approval:

\_\_\_\_\_  
Head of TWG, PEECRC

\_\_\_\_\_  
Vice-Chairperson, PEECRC

*Note: For contracts with Local and Foreign currencies, one form per currency should be used.*



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

Quality Management System

Summary of Claim for Price Escalation

CONTRACT NAME : \_\_\_\_\_

CONSULTANT : \_\_\_\_\_

IMPLEMENTING OFFICE : \_\_\_\_\_

PRICE ESCALATION NO. : \_\_\_\_\_

SUMMARY OF CLAIM	
<b>Remuneration</b>	
Total for Expatriate Key Staff	
Total for Local Key Staff	
Total for Technical Staff	
Total for Administrative Staff	
<b>Total Escalated Amount</b>	

Prepared by:  
\_\_\_\_\_  
Authorized Official of the Consultant

Checked and Submitted by:  
\_\_\_\_\_  
Head of the Implementing Office

Reviewed by:  
\_\_\_\_\_  
Head of TWG, PEECRC

Recommending Approval:  
\_\_\_\_\_  
Vice-Chairperson, PEECRC

Approved by: (As to Computation)  
\_\_\_\_\_  
Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
Quality Management System

Detailed Computation of Rate of Adjustment

CONTRACT NAME : \_\_\_\_\_

DATE OF EFFECTIVITY: \_\_\_\_\_

CONSULTANT : \_\_\_\_\_

ORIGINAL EXPIRY DATE: \_\_\_\_\_

IMPLEMENTING OFFICE : \_\_\_\_\_

REVISED EXPIRY DATE: \_\_\_\_\_

PERSONNEL		ORIGINAL RATE OF REMUNERATION	I/Io	ADJUSTED RATE	DIFFERENTIAL	TOTAL MAN-MONTHS	ESCALATION AMOUNT
Name	Position						
		<i>A</i>	<i>B</i>	<i>C = A*B</i>	<i>D = C - A</i>	<i>E</i>	<i>F = D * E</i>
A. Expatriate Key Staff							
1							
2							
3							
B. Local Key Staff							
1							
2							
3							
C. Technical Staff							
1							
2							
3							
D. Administrative Staff							
1							
2							
3							
						Total for Expatriate Key Staff	
						Total for Local Key Staff	
						Total for Technical Staff	
						Total for Administrative Staff	
						<b>GRAND TOTAL</b>	

Prepared by:

Checked and Submitted by:

Reviewed by:

Recommending Approval:

\_\_\_\_\_  
Authorized Official of the Consultant

\_\_\_\_\_  
Head of the Implementing Office

\_\_\_\_\_  
Head of TWG, PEECRC

\_\_\_\_\_  
Vice-Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Detailed Breakdown of Man-Months**

**CONTRACT NAME** : \_\_\_\_\_

**DATE OF EFFECTIVITY:** \_\_\_\_\_

**CONSULTANT** : \_\_\_\_\_

**ORIGINAL EXPIRY DATE:** \_\_\_\_\_

**IMPLEMENTING OFFICE** : \_\_\_\_\_

**REVISED EXPIRY DATE:** \_\_\_\_\_

PERSONNEL		PERIOD COVERED												TOTAL MAN-MONTHS
Name	Position	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
<b>A. Expatriate Key Staff</b>														
1														
2														
3														
<b>B. Local Key Staff</b>														
1														
2														
3														
<b>C. Technical Staff</b>														
1														
2														
3														
<b>D. Administrative Staff</b>														
1														
2														
3														

Prepared by:

Checked and Submitted by:

Reviewed by:

Recommending Approval:

\_\_\_\_\_  
Authorized Official of the  
Consultant

\_\_\_\_\_  
Head of the Implementing Office

\_\_\_\_\_  
Head of TWG, PEECRC

\_\_\_\_\_  
Vice-Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Detailed Computation of Rate of Adjustment Multiplier**

**CONTRACT NAME** : \_\_\_\_\_

**DATE OF EFFECTIVITY:** \_\_\_\_\_

**CONSULTANT** : \_\_\_\_\_

**ORIGINAL EXPIRY DATE:** \_\_\_\_\_

**IMPLEMENTING OFFICE** : \_\_\_\_\_

**REVISED EXPIRY DATE:** \_\_\_\_\_

FOREIGN			
Year	Applicable Index	Base Index	Adjustment Multiplier
	I	Io	I/Io

LOCAL			
Year	Applicable Index	Base Index	Adjustment Multiplier
	I	Io	I/Io

Prepared by:

Checked and Submitted by:

Reviewed by:

Recommending Approval:

\_\_\_\_\_  
Authorized Official of the Consultant

\_\_\_\_\_  
Head of the Implementing Office

\_\_\_\_\_  
Head of TWG, PEECRC

\_\_\_\_\_  
Vice-Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**Quality Management System**

**Interest Claim due to Delayed Payment of Work Accomplished**

**CONTRACT NAME** : \_\_\_\_\_  
**LOCATION** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_

**DATE OF EFFECTIVITY:** \_\_\_\_\_  
**ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**REVISED EXPIRY DATE:** \_\_\_\_\_

Payment No.	Period Covered	Billing Amount (Net)	Final Date received by the Consultant*	Date received at Accounting Division	Disbursement Voucher No.	Date due for payment	Date Paid	Overdue days	Interest Rate as per Conditions of Contract	Accumulated Interest Amount
(a)	(b)	(c)	(d)	(e)	(f)	(g) = (d) + n <i>(Foreign Assisted)</i> (g) = (e) + n <i>(Locally Funded)</i>	(h)	(i)	(j)	(k) = (c) * (j)
<b>TOTAL</b>										

Note: \* - N/A if the project does not have a Consultant  
*n = 84 days (for Foreign Assisted Projects)*  
*n = 45 days (for Locally funded projects)*

Prepared by: \_\_\_\_\_ Checked and Submitted by: \_\_\_\_\_ Reviewed by: \_\_\_\_\_ Approved by: (As to Computation) \_\_\_\_\_  
 Authorized Official of the Contractor      Head of the Implementing Office      Head of TWG, PEECRC      Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**Quality Management System**

**Summary of Claim of Incurred Losses due to Standby Equipment as a Result of Work Suspension**

**CONTRACT NAME** : \_\_\_\_\_ **DATE OF EFFECTIVITY:** \_\_\_\_\_  
**LOCATION** : \_\_\_\_\_ **ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_ **REVISED EXPIRY DATE:** \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_ **PERIOD COVERED:** \_\_\_\_\_

Item No.	Type of Equipment/ Capacity	No. of Units	Type/Made/Model	As Submitted by the Contractor			As Recommended by the IO		
				Total No. of Days	Unit Rate	Amount	Total No. of Days	Unit Rate	Amount
1									
2									
3									
4									
5									
6									
7									
8									
9									

*Add rows as needed*

Prepared by:

\_\_\_\_\_  
 Authorized Official of the Contractor

Checked and Submitted by:

\_\_\_\_\_  
 Head of the Implementing Office

Reviewed by:

\_\_\_\_\_  
 Head of TWG, PEECRC

Recommending Approval:

\_\_\_\_\_  
 Vice-Chairperson, PEECRC

Approved by: (As to Computation)

\_\_\_\_\_  
 Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
Quality Management System

Monthly Claim of Incurred Losses due to Standby Equipment as a Result of Work Suspension

**CONTRACT NAME** : \_\_\_\_\_  
**LOCATION** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_

**DATE OF EFFECTIVITY:** \_\_\_\_\_  
**ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**REVISED EXPIRY DATE:** \_\_\_\_\_  
**FOR THE MONTH OF:** \_\_\_\_\_

Item No.	Type of Equipment/ Capacity	No. of Units	Type/Made/Model	As Submitted by the Contractor			As Recommended by the IO		
				No. of Days	Unit Rate	Amount	No. of Days	Unit Rate	Amount
1									
2									
3									
4									
5									
6									
7									
8									
9									

Add rows as needed

Prepared by:  
\_\_\_\_\_  
Authorized Official of the Contractor

Checked and Submitted by:  
\_\_\_\_\_  
Head of the Implementing Office

Reviewed by:  
\_\_\_\_\_  
Head of TWG, PEECRC

Recommending Approval:  
\_\_\_\_\_  
Vice-Chairperson, PEECRC





DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
Quality Management System

Summary of Claim of Incurred Losses due to Standby Cost of Manpower as a Result of Work Suspension

CONTRACT NAME : \_\_\_\_\_  
LOCATION : \_\_\_\_\_  
CONTRACTOR : \_\_\_\_\_  
IMPLEMENTING OFFICE : \_\_\_\_\_

DATE OF EFFECTIVITY: \_\_\_\_\_  
ORIGINAL EXPIRY DATE: \_\_\_\_\_  
REVISED EXPIRY DATE: \_\_\_\_\_  
PERIOD COVERED: \_\_\_\_\_

Item No.	Name of Person	Designation	As Submitted by the Contractor			As Recommended by the IO		
			Total No. of Days	Unit Rate	Amount	Total No. of Days	Unit Rate	Amount
1								
2								
3								
4								
5								
6								
7								
8								
9								

Add rows as needed

Prepared by:  
  
\_\_\_\_\_  
Authorized Official of the Contractor

Checked and Submitted by:  
  
\_\_\_\_\_  
Head of the Implementing Office

Reviewed by:  
  
\_\_\_\_\_  
Head of TWG, PEECRC

Recommending Approval:  
  
\_\_\_\_\_  
Vice-Chairperson, PEECRC

Approved by: (As to Computation)  
  
\_\_\_\_\_  
Chairperson, PEECRC



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**Quality Management System**

**Monthly Claim of Incurred Losses due to Standby Cost of Manpower as a Result of Work Suspension**

**CONTRACT NAME** : \_\_\_\_\_  
**LOCATION** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_

**DATE OF EFFECTIVITY**: \_\_\_\_\_  
**ORIGINAL EXPIRY DATE**: \_\_\_\_\_  
**REVISED EXPIRY DATE**: \_\_\_\_\_  
**FOR THE MONTH OF**: \_\_\_\_\_

Item No.	Name of Person	Designation	As Submitted by the Contractor			As Recommended by the IO		
			No. of Days	Unit Rate	Amount	No. of Days	Unit Rate	Amount
1								
2								
3								
4								
5								
6								
7								
8								
9								

*Add rows as needed*

Prepared by:  
 \_\_\_\_\_  
 Authorized Official of the Contractor

Checked and Submitted by:  
 \_\_\_\_\_  
 Head of the Implementing Office

Reviewed by:  
 \_\_\_\_\_  
 Head of TWG, PEECRC

Recommending Approval:  
 \_\_\_\_\_  
 Vice-Chairperson, PEECRC





DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Summary of Recoupment**

**CONTRACT NAME** : \_\_\_\_\_

**DATE OF BID OPENING:** \_\_\_\_\_

**CONTRACTOR** : \_\_\_\_\_

**DATE OF EFFECTIVITY:** \_\_\_\_\_

**IMPLEMENTING OFFICE** : \_\_\_\_\_

**ORIGINAL EXPIRY DATE:** \_\_\_\_\_

**PRICE ESCALATION NO.** : \_\_\_\_\_

**REVISED EXPIRY DATE:** \_\_\_\_\_

PROGRESS BILLING NO.	PERIOD COVERED		TOTAL ADVANCE PAYMENT	ACCOMPLISHMENT (THIS BILLING)	AMOUNT OF RECOUPMENT (THIS BILLING)	AMOUNT OF RECOUPMENT (TO DATE)	RATE OF RECOUPMENT
	FROM	TO					
<i>A</i>	<i>B</i>		<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G = E / D</i>
1							
2							
3							
4							
5							
6							
7							

*Add rows as needed*

Prepared by:

Noted by:

\_\_\_\_\_  
Project Engineer

\_\_\_\_\_  
Head of Implementing Office





DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS

**Quality Management System**

**Breakdown of Provisional Sum**

**CONTRACT NAME** : \_\_\_\_\_  
**CONTRACTOR** : \_\_\_\_\_  
**IMPLEMENTING OFFICE** : \_\_\_\_\_  
**PRICE ESCALATION NO.** : \_\_\_\_\_

**DATE OF BID OPENING:** \_\_\_\_\_  
**DATE OF EFFECTIVITY:** \_\_\_\_\_  
**ORIGINAL EXPIRY DATE:** \_\_\_\_\_  
**REVISED EXPIRY DATE:** \_\_\_\_\_

PAYMENT NO.	PERIOD COVERED		AMOUNT BILLED FOR PROVISIONAL SUM THIS BILLING	BREAKDOWN OF ITEMS		AMOUNT	IF ITEM IS REQUESTED UNDER VARIATION ORDER, IDENTIFY IF "NEW ITEM" OR "ADDITIVE"
	FROM	TO		ITEM CODE	DESCRIPTION		
1				1.			
				2.			
				3.			
				4.			
				5.			
2				1.			
				2.			
				3.			
				4.			
				5.			

*Add rows as needed*

Prepared by:

Noted by:

\_\_\_\_\_  
Project Engineer

\_\_\_\_\_  
Head of Implementing Office



DEPARTMENT OF PUBLIC WORKS AND HIGHWAYS  
**Quality Management System**  
**Accomplishment Report per Billing**

**CONTRACT NAME** : \_\_\_\_\_

**CONTRACTOR** : \_\_\_\_\_

**IMPLEMENTING OFFICE** : \_\_\_\_\_

PAYMENT NO.	PERIOD COVERED		SCHEDULED ACCOMPLISHMENT <i>(in percentage, based on payment certificate)</i>	ACTUAL ACCOMPLISHMENT <i>(in percentage, based on payment certificate)</i>	SLIPPAGE <i>(in percentage, based on payment certificate)</i>
	FROM	TO			

Prepared by:  
 \_\_\_\_\_  
 Project Engineer

Noted by:  
 \_\_\_\_\_  
 Head of Implementing Office

<Date Prepared>

**CONTRACTUAL DATA**  
Price Escalation for Civil Works Contract  
(Price Escalation No. \_\_\_\_)

1. Subject : **Proposed Price Escalation No. \_\_ Covering Progress Billing No./Nos. \_\_\_\_ for the Project: <Name of Project>, Contract ID No. <ID No. in Contract Agreement>**
2. Implementing Office :
3. Contractor :
4. Consultant *(if any)* :
5. Date of Bid Opening :
6. Original Contract Amount :
7. Contract Effectivity Date :
8. Original Expiry Date :
9. Original Contract Duration :
10. Covering Period of Request : <start and end date of the billings covered in PE>
  
11. Previously Approved Request :
  - a. <Type of Previously Approved Request (Contract Time Extension/Variation Order/Price Escalation)>
    - Revised Contract Amount :
    - Revised Contract Duration :
    - Revised Expiry Date :

*Note: Add item if there are more previously approved contract-related claims (amount/duration-related)*
  
12. Physical Accomplishment as of <Date of the last billing being claimed>:
  - Scheduled Physical Accomplishment :
  - Actual Physical Accomplishment :
  - Slippage :

Prepared by:

**NAME OF THE PROJECT ENGINEER**  
Project Engineer

<Office Code>

<Date Prepared>

**CONTRACTUAL DATA**

Price Escalation for Consultancy Services Contract  
(Price Escalation No. \_\_\_\_)

- 1. Subject : **Proposed Price Escalation No. \_\_ Covering Progress Billing No./Nos. \_\_\_\_ for the Project: <Name of Project>, Contract ID No. <ID No. in Contract Agreement>**
- 2. Implementing Office :
- 3. Consultant :
- 4. Original Contract Amount :
- 5. Contract Effectivity Date :
- 6. Original Expiry Date :
- 7. Original Contract Duration :
- 8. Covering Period of Request : <start and end date of the billings covered in PE>
- 9. Previously Approved Request :
  - a. <Type of Previously Approved Request (Contract Time Extension/Supplemental Agreement/Realignment>
    - Revised Contract Amount :
    - Revised Contract Duration :
    - Revised Expiry Date :

*Note: Add item if there are more previously approved contract-related claims (amount/duration-related)*
- 10. Physical Accomplishment as of <Date of the last billing being claimed>:
  - Scheduled Physical Accomplishment :
  - Actual Physical Accomplishment :
  - Slippage :

Prepared by:

**NAME OF THE PROJECT ENGINEER**  
Project Engineer

<Office Code>