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REPUBLIKA NG PILIPINAS
PAMBANSANG PANGASIWAAN NG PATUBIG
(NATIONAL IRRIGATION ADMINISTRATION)
LUNGSOD NG QUEZON

MC # 18, s. 1985

MEMORANDUM CIRCULAR

T O : ASSISTANT ADMINISTRATORS, REGIONAL IRRIGATION DIRECTORS, PROJECT MANAGERS, OPERATION MANAGER, IRRIGATION SUPERINTENDENTS, PROVINCIAL IRRIGATION ENGINEERS AND ALL OTHERS CONCERN
NATIONAL IRRIGATION ADMINISTRATION

SUBJECT : PROSECUTION OF PACQUIAO CONTRACTS IN THE CONSTRUCTION OF IRRIGATION PROJECTS.

IN LINE WITH THE GENERAL POLICY ON PACQUIAO CONTRACTS STIPULATED UNDER PD 1943, THE FOLLOWING IMPLEMENTING GUIDELINES FOR PACQUIAO CONTRACTS ARE HEREBY PROMULGATED.

IMPLEMENTING GUIDELINES FOR PACQUIAO CONTRACT

1. DEFINITION - As envisioned in PD 1943, PACQUIAO CONTRACT IS A SYSTEM OF UNDERTAKING PUBLIC WORKS PROJECTS BY LABOR INTENSIVE METHOD UNDER THE PILIPINO BAYANIHAN SPIRIT WHEREIN THE WORKERS IN THE LOCALITY OF WORK GROUP THEMSELVES, PUT UP A COMMON CAPITAL AND RENDER LABOR SERVICES ON A COOPERATIVE BASIS. THESE LABOR CONTRACTORS ARE TO BE ENCOURAGED AND BE GIVEN PREFERENCE IN THE AWARD OF PACQUIAO CONTRACTS.

PACQUIAO CONTRACT SHALL BE ENTERED INTO ONLY WHERE THE FOLLOWING CONDITIONS EXIST:

- A) THE WORK PROPOSED FOR PACQUIAO CONTRACT IS INCLUDED IN THE APPROVED CURRENT YEAR PROGRAM OF WORK TO BE UNDERTAKEN BY FORCE ACCOUNT.
- B) THE ITEMS OF WORK PROPOSED FOR PACQUIAO CONTRACTS SHALL BE LIMITED TO EARTHWORK AND CONCRETE WORKS THAT CAN BE PROPERLY AND EFFICIENTLY UNDERTAKEN BY MANUAL LABOR.
- C) THERE IS CERTIFICATION THAT FUNDS ARE AVAILABLE FOR THIS PURPOSE.
- D) THERE WILL BE NO LEASE OF NIA EQUIPMENT FOR THE WORK.

2. AUTHORIZATION - THE PROJECT MANAGER/REGIONAL DIRECTOR/PROVINCIAL IRRIGATION ENGINEER CONCERNED SHALL REQUEST AUTHORIZATION FROM THE NIA ADMINISTRATOR, THROUGH THE CONCERNED ASSISTANT ADMINISTRATOR, TO UNDERTAKE WORKS BY PACQUIAO CONTRACT. THE REQUEST SHALL BE MADE AS THE NEED ARISES BUT PREFERABLY ONCE A YEAR AND SHALL COVER ALL PACQUIAO CONTRACTS PROPOSED TO BE UNDERTAKEN DURING THE CALENDAR YEAR. THE REQUEST SHALL BE SUPPORTED BY THE FOLLOWING DOCUMENTS:

- A) CERTIFICATION THAT THE PROPOSED WORK TO BE COVERED BY PACQUIAO CONTRACT IS INCLUDED IN THE APPROVED CURRENT YEAR PROGRAM OF WORK.
- B) JUSTIFICATION THAT THE PROPOSED WORK CANNOT BE DONE UTILIZING THE AVAILABLE MANPOWER RESOURCES OF THE PROJECT OFFICE.

- c) BILL OF QUANTITIES OF EACH PAY ITEM OF WORK.
- d) PROPOSED CONSTRUCTION SCHEDULE OF EACH OF THE PROPOSED PACQUIAO CONTRACT.
- e) PROJECT LAYOUT INDICATING LOCATION OF THE AREAS AND STRUCTURES PROPOSED TO BE UNDERTAKEN THRU PACQUIAO CONTRACT.
- f) DERIVATION OF THE ESTIMATED FLOOR AND CEILING UNIT PRICES FOR EACH PAY ITEM OF WORK.

APPROVAL OF THE AUTHORITY TO UNDERTAKE PACQUIAO CONTRACTS BY THE ADMINISTRATOR SHALL INCLUDE THE FLOOR AND CEILING PRICES FOR EACH PAY ITEMS OF WORK WHICH SHALL BE APPLICABLE WITHIN A PERIOD OF SIX MONTHS, UNLESS THERE IS AN ABRUPT INCREASE IN PRICES, IN WHICH CASE, THE PROPOSED REVISED UNIT PRICES TOGETHER WITH DETAILED COST ESTIMATES SHALL BE RESUBMITTED TO CENTRAL OFFICE, FOR REVIEW AND APPROVAL.

3. SCREENING OF LABOR CONTRACTORS:

PRIOR TO THE PRICE DETERMINATION FOR PACQUIAO CONTRACTS, THE REGIONAL/PROJECT/PROVINCIAL IRRIGATION OFFICE SHALL UNDERTAKE THE SCREENING OF INTERESTED LABOR CONTRACTORS.

IN THIS REGARD, THE PREQUALIFICATIONS, BIDS AND AWARDS COMMITTEE OF THE FIELD OFFICE CONCERNED SHOULD LOOK INTO THE FOLLOWING REQUIREMENTS IN THE SCREENING PROCESS.

- 3.1. ADEQUACY OF SKILLED AND UNSKILLED LABOR FORCE OF THE LABOR CONTRACTOR (LIST SUBMITTED) INTENDED FOR THE PROPOSED PACQUIAO CONTRACT WORKS.
 - 3.2. CERTIFICATION FROM THE LABOR CONTRACTOR THAT THE LABOR FORCE FOR THE PROPOSED WORKS (LIST SUBMITTED) ARE AVAILABLE AND SHALL BE FIELD IN ACCORDANCE WITH THE MANPOWER REQUIREMENTS OF THE PROPOSED CONTRACT WORKS.
 - 3.3. DOCUMENTED EVIDENCE THAT THE LABOR CONTRACTOR IS CAPABLE OF FINANCING AN INITIAL CAPITALIZATION (CASH) OF NO LESS THAN 30% OF THE COST OF THE PACQUIAO CONTRACT.
 - 3.4. CERTIFICATION SHOWING THAT THE LABOR CONTRACTOR HAS NOT ABANDONED NOR IS EXCESSIVELY DELAYED IN THE IMPLEMENTATION OF ANY PACQUIAO CONTRACT.
4. PRICE DETERMINATION - AS MANY SCREENED LABOR CONTRACTORS AS POSSIBLE SHALL BE ENCOURAGED TO PARTICIPATE IN THE PUBLIC BIDDING FOR PRICE DETERMINATION. SAME SHALL BE HELD AT THE REGIONAL IRRIGATION OFFICE OR PROVINCIAL IRRIGATION OFFICE OR AT THE PROJECT OFFICE CONCERNED. IT SHALL BE CONDUCTED BY THE REGIONAL/FIO/PROJECT COMMITTEE ON PREQUALIFICATIONS, BIDS AND AWARDS APPOINTED BY THE REGIONAL DIRECTOR/PROJECT MANAGER AND APPROVED BY THE ADMINISTRATOR. BIDDING SHALL BE DONE IN THE PRESENCE OF THE REGIONAL/PROJECT AUDITOR OR HIS AUTHORIZED REPRESENTATIVE AS WITNESS.

THE UNIT PRICES THAT WILL BE ADOPTED FOR PACQUIAO CONTRACT WILL BE THE LOWEST BID UNIT PRICES PROVIDED SAME ARE WITHIN THE LIMITS OF THE FLOOR AND CEILING UNIT PRICES APPROVED BY THE ADMINISTRATOR OR HIS DULY AUTHORIZED REPRESENTATIVE.

5. AWARD OF PACQUIAO CONTRACTS - AWARD OF PACQUIAO CONTRACT SHALL BE MADE BASED ON THE RESULTS OF PRICE DETERMINATION. THE LOWEST BID UNIT PRICES FOR THE VARIOUS ITEMS OF WORK, IF WITHIN THE LIMIT OF THE APPROVED FLOOR AND CEILING UNIT PRICES, SHALL BE THE BASIS OF THE PACQUIAO CONTRACTS WHICH SHALL BE OFFERED TO ALL INTERESTED CONTRACTORS. WIDER PARTICIPATION AND EQUITABLE DISTRIBUTION OF THE PROPOSED PACQUIAO CONTRACT WORKS IS TO BE ENCOURAGED. IT IS TO BE UNDERSTOOD HOWEVER, THAT CONTRACTORS OFFERING THE LOWEST BID UNIT PRICES SHALL BE GIVEN PREFERENCE IN THE AWARD.

A CONTRACTOR, WHO OFFERED THE LOWEST BID UNIT PRICES AND IS FOUND TO BE FINANCIALLY CAPABLE AND COMPETENT TO UNDERTAKE TWO OR MORE PACQUIAO CONTRACTS AT THE SAME TIME, MAYBE AWARDED MORE THAN ONE PACQUIAO CONTRACT PROVIDED THE TOTAL COST OF THE AWARDS WILL NOT EXCEED ₱100,000, AND PROVIDED FURTHER THAT ALL OTHER INTERESTED CONTRACTORS HAVE BEEN AWARDED A PACKAGE. IF THERE ARE MORE THAN TWO PACQUIAO CONTRACTS FOR AWARD, SAME MAY BE AWARDED TO THE BIDDERS BASED ON THEIR RANKING IN THE BIDDING FOR PRICE DETERMINATION, PROVIDED THEY ARE WILLING TO REDUCE THEIR UNIT PRICES TO THE LEVEL OF THE APPROVED LOWEST UNIT PRICES.

ANY CONTRACTOR, WHOSE PERFORMANCE IS SATISFACTORY AND ON SCHEDULE IN HIS PREVIOUS PACQUIAO CONTRACT, MAY BE AWARDED ANOTHER PACQUIAO CONTRACT AS SOON AS HE HAS COMPLETED 80% OF HIS PREVIOUS CONTRACT.

NO CONTRACT SHALL BE AWARDED WITHOUT A CERTIFICATION OF AVAILABILITY OF FUNDS ISSUED BY THE REGIONAL/PROJECT ACCOUNTANT CONCERNED DULY NOTED BY THE REGIONAL/PROJECT AUDITOR OR HIS AUTHORIZED REPRESENTATIVE.

ALL RESOLUTIONS OF AWARD FOR PACQUIAO CONTRACTS SHALL BE NOTED BY THE REGIONAL/PROJECT AUDITOR AND WITNESSED BY THE REGIONAL/PROJECT ACCOUNTANT CONCERNED.

IT IS REITERATED THAT AWARD OF SUCCEEDING PACQUIAO CONTRACTS TO A CONTRACTOR SHALL BE SUBJECT TO COMPLETION OF AT LEAST 80% OF THE ON-GOING PACQUIAO CONTRACT AND SATISFACTORY PROSECUTION OF THE CONTRACT TAKING INTO CONSIDERATION THE QUALITY OF WORK, ADHERENCE TO THE PLANS AND SPECIFICATIONS AND TIMETABLE. WORK SHALL COMMENCE ONLY AFTER THE CONTRACT HAS BEEN FORMALIZED.

6. CONTRACT TIME - CONTRACT DURATION SHALL NOT EXCEED THREE (3) MONTHS. AT ANY TIME, IF IN THE OPINION OF THE REGIONAL DIRECTOR/PROJECT MANAGER, PROVINCIAL IRRIGATION ENGINEER, THE COMPLETION OF THE CONTRACT WORK ON TARGET DATE MAY NOT BE ACHIEVED, THE REGIONAL DIRECTOR/PROJECT MANAGER/PROVINCIAL IRRIGATION ENGINEER CONCERNED SHALL HAVE THE OPTION TO TERMINATE THE WORK AND INITIATE APPROPRIATE ACTION IN ORDER NOT TO JEOPARDIZED THE TIMELY COMPLETION OF THE WORK.

IF UPON TERMINATING THE CONTRACT, THE REGIONAL/PROJECT OFFICE IS READY WITH THE MANPOWER TO UNDERTAKE THE REMAINING WORKS, THE REGIONAL OFFICE/PROJECT OFFICE MAY PROCEED WITH THE TAKEOVER OF THE WORKS. HOWEVER, IF THE REGIONAL OFFICE/PROJECT OFFICE IS STILL INCAPABLE OF UNDERTAKING THE REMAINING WORKS, NEGOTIATION WITH OTHER QUALIFIED CONTRACTORS TO UNDERTAKE THE REMAINING WORKS AT THE SAME UNIT PRICES SHALL BE CONDUCTED.

CONTRACTORS WHO FAIL TO COMPLETE THEIR PACQUIAO CONTRACTS WITHIN THE CONTRACT TIME SHALL NOT BE ELIGIBLE FOR NEW CONTRACTS WITHIN A PERIOD OF SIX MONTHS AFTER COMPLETION OF THE DELAYED CONTRACT.

ANY CONTRACTOR WHO ABANDONS HIS PACQUIAO CONTRACT SHALL BE TOTALLY BARRIED FROM FUTURE PARTICIPATION AND/OR AWARD.

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7. LIMITS OF AUTHORITY - FOR PURPOSES OF PACQUIAO CONTRACTS, THE PROJECT MANAGER/REGIONAL DIRECTOR/PROVINCIAL IRRIGATION ENGINEER IS AUTHORIZED TO APPROVE RESOLUTION OF AWARD AND ENTER INTO CONTRACT, THE LIMIT OF WHICH IS ₱100,000 PER PACQUIAO CONTRACT.
8. TECHNICAL SPECIFICATIONS - TECHNICAL SPECIFICATIONS FOR THE ITEMS OF WORK UNDER PACQUIAO CONTRACTS SHALL FOLLOW THE NIA STANDARD SPECIFICATIONS FOR SIMILAR ITEMS OF WORK IN REGULAR DOMESTIC BIDDING.
9. PROGRESS PAYMENTS - ALL PROGRESS PAYMENTS FOR PACQUIAO CONTRACTS SHALL BE MADE AT THE REGIONAL/PROJECT/PROVINCIAL IRRIGATION OFFICE CONCERNED. NIA FIELD OFFICIALS CONCERNED SHALL SEE TO IT THAT PROGRESS PAYMENTS TO CONTRACTOR ARE BASED ONLY ON ACTUAL ACCOMPLISHMENT.
10. CHANGE ORDERS AND EXTRA WORK ORDERS - NO CHANGE ORDERS AND EXTRA WORK ORDERS ARE ALLOWED. THE REGIONAL DIRECTOR/PROJECT MANAGER CONCERNED SHALL STRICTLY OBSERVE AND COMPLY WITH THE PROVISIONS OF P.D. 1594 SEC. 2 THEREOF, CONCERNING DETAILED ENGINEERING.
11. DOCUMENTS AND REPORTS ON PACQUIAO CONTRACT TO BE SUBMITTED TO CENTRAL OFFICE:

11.1. PRICE DETERMINATION:

THE REGIONAL/PROJECT OFFICE SHALL FURNISH THE CENTRAL OFFICE AS SOON AS POSSIBLE THE RESULTS OF THE PRICE DETERMINATION, THE LIST OF QUALIFIED CONTRACTORS AND THE CONTRACTS AWARDED TO EACH CONTRACTOR.

11.2. PROGRESS REPORT:

THE REGIONAL DIRECTOR/PROJECT MANAGER/PROVINCIAL IRRIGATION ENGINEER SHALL SUBMIT TO THE ASSISTANT ADMINISTRATOR CONCERNED A MONTHLY PROGRESS REPORT ON ALL PACQUIAO CONTRACTS FOLLOWING THE PRESCRIBED CONTRACT REPORTING FORMS FOR MONITORING AND EVALUATION PURPOSES.

FAILURE OF THE REGIONAL OR PROJECT OFFICE TO SUBMIT THE ABOVE REQUIREMENTS MAY CAUSE THE CANCELLATION OF THE AUTHORITY TO UNDERTAKE WORKS BY PACQUIAO CONTRACTS.

PLEASE BE GUIDED ACCORDINGLY.

(SGD.) CESAR L. TECH
ADMINISTRATOR

APRIL 9, 1985