



## RESOLUTION NO. 09-2005

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### **APPROVING THE GUIDELINES ON IMPLEMENTATION OF PROJECTS UNDERTAKEN BY AFP CORPS OF ENGINEERS**

**WHEREAS**, Republic Act No. 9184 (R.A. 9184), otherwise known as “Government Procurement Reform Act” and its Implementing Rules and Regulations Part A (IRR-A) took effect on 26 January 2003 and 08 October 2003 respectively;

**WHEREAS**, the Government Procurement Policy Board (GPPB) under Section 63 of the IRR-A of RA 9184 is mandated to formulate and amend public procurement policies, rules and regulations, whenever necessary;

**WHEREAS**, Section 53(b) of the IRR-A of RA 9184 provides that in case of infrastructure projects, the procuring entity has the option to undertake the project through negotiated procurement or by administration or, in high security risk areas, through the Armed Forces of the Philippines (AFP);

**WHEREAS**, Section 23.5 of the same IRR-A authorizes the AFP Corps of Engineers, (AFPCOE) in the interest of economy and efficiency, and subject to the approval of the Secretary of National Defense, to undertake, by administration, infrastructure projects funded out of the Department of National Defense (DND) appropriations and the proceeds of the disposition of military camps/stations under Republic Act 7227 which are intended for the replication of AFP facilities affected by such disposition, and further provides conditions for such authority;

**WHEREAS**, the President issued Memorandum Order 166, dated 22 March 2005, directing the AFP Corps of Engineers to Construct Security “Kalayaan” Roads and other Strategic Roads;

**WHEREAS**, there is a need to streamline and provide rules and procedures governing the implementation of infrastructure projects undertaken by AFPCOE for the efficient and effective discharge of the AFPCOE’s mandates under the above cited provisions of law and Presidential directive;

**WHEREAS**, the members of the Technical Working Group (TWG) of DND-AFP drafted and presented the guidelines on implementation of infrastructure projects undertaken by the AFPCOE before the TWG of the GPPB during its meeting on 26 April 2005; and

**WHEREAS**, during the 4<sup>th</sup> GPPB meeting held on 28 April 2005 at Unit 2506 Raffles Corporate Center, F. Ortigas Jr. Ave., Ortigas Center, Pasig City, the members of the Board discussed and unanimously approved the Guidelines on Implementation of Infrastructure Projects undertaken by the AFPCOE, a copy of which is attached hereto as Annex “A”, and forms an integral part hereof;



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NOW, THEREFORE, for and in consideration of the foregoing, WE, the Members of the **GOVERNMENT PROCUREMENT POLICY BOARD**, by virtue of the powers vested on US by law, hereby **RESOLVE** to confirm, adopt and approve, as WE hereby confirm, adopt and approve, the attached Guidelines on Implementation of Projects Undertaken by the Armed Forces of the Philippines Corps of Engineers.

This resolution shall take effect immediately.

**APPROVED** this 28<sup>th</sup> day of April, 2005 at Pasig City, Philippines

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**EMILIA T. BONCODIN**  
Secretary  
Department of Budget and Management

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**ROMULO L. NERI**  
Director General  
National Economic and Development  
Authority

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**NATIONAL ECONOMIC AND  
DEVELOPMENT AUTHORITY**

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**DEPARTMENT OF NATIONAL  
DEFENSE**

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**DEPARTMENT OF EDUCATION**

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**DEPARTMENT OF HEALTH**

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**DEPARTMENT OF INTERIOR AND  
LOCAL GOVERNMENT**

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**DEPARTMENT OF ENERGY**

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**DEPARTMENT OF PUBLIC WORKS  
AND HIGHWAYS**

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**DEPARTMENT OF FINANCE**



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**DEPARTMENT OF TRADE AND  
INDUSTRY**

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**DEPARTMENT OF SCIENCE AND  
TECHNOLOGY**

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**DEPARTMENT OF TRANSPORTATION  
AND COMMUNICATIONS**

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**PRIVATE SECTOR REPRESENTATIVE**

Attested by:

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**JOSE MARTIN C. SYQUIA**  
Board Secretary, GPPB  
Executive Director, GPPB-TSO

## **GUIDELINES ON IMPLEMENTATION OF INFRASTRUCTURE PROJECTS UNDERTAKEN BY THE AFP CORPS OF ENGINEERS**

### **1.0 POLICY STATEMENT**

The Armed Forces of the Philippines Corps of Engineers (AFPCOE), being an integral part of the Government, has the capability to undertake infrastructure projects. As such, it is the policy of the Government to engage the services of the AFPCOE in directly implementing projects as provided in these guidelines.

### **2.0 PURPOSE AND COVERAGE**

These guidelines shall streamline and provide rules governing the implementation of infrastructure projects undertaken by the AFPCOE.

### **3.0 DEFINITION OF TERMS**

- 3.1 **End-User Agency** – The agency that is the beneficiary of the project or source of funds of the project to be implemented by the AFPCOE.
- 3.2 **Implementing Unit** – The AFPCOE unit tasked to undertake the project as covered by a Construction Directive issued by the AFP Chief of Engineers or the Chief Engineers of the major services, namely: Army, Navy, and Air Force.
- 3.3 **Job Order** – The hiring of laborers for piece work or intermittent job of short duration not exceeding six (6) months and pay is on a daily or hourly basis. The Implementing Unit may recruit workers from the locality and directly hire them to provide the required labor for the project being undertaken, subject to applicable laws, rules and regulations. The Implementing Unit prepares a payroll that serves as the basis for the payment of wages to the workers.
- 3.4 **“Pakyaw” system** – The system of hiring laborers where the Implementing Unit invites, through appropriate procurement procedures, “pakyaw” groups to submit price quotations for the labor component required for a specified piece of work. The “pakyaw” groups shall comprise a group of laborers residing within the vicinity of the project site, and shall not be a regular licensed contractor.

- 3.5 **Projects Undertaken by Administration** - An infrastructure project is said to be undertaken by administration, from the point of view of the AFPCOE, if the Implementing Unit undertakes the project using its organic personnel through force account and/or “pakyaw” system, equipment and tools, as well as procures the construction supplies and materials necessary for project completion, and manages the project implementation.

#### **4.0 TYPES OF PROJECTS THAT MAY BE UNDERTAKEN BY ADMINISTRATION**

The following types of projects may be undertaken by administration by the AFPCOE:

- 4.1. DND-AFP infrastructure projects – Projects involving the construction, maintenance, and repair of facilities and utilities of the Department of National Defense (DND), Armed Forces of the Philippines (AFP), and other DND bureaus and agencies. These include infrastructure projects funded out of the DND appropriations and the proceeds of the disposition of military camps/stations under Republic Act 7227 which are intended for the replication of AFP facilities affected by such disposition.
- 4.2. End-User Agency infrastructure projects in high security risk areas – Projects funded by other government agencies and covered by a Memorandum of Agreement between them and the DND-AFP, to be implemented by the AFPCOE through funds transferred from the end-user agency to the DND-AFP. These include, but are not limited to, the construction and rehabilitation of roads, bridges, school buildings, housing and resettlement sites, irrigation and electrification projects and other vital facilities and utilities. However, these projects may only be undertaken by the AFPCOE in areas which are considered as high security risk areas or in areas with potential conflict or peace and order problem, as determined by the authorized officials of the DND/AFP.
- 4.3. Special projects - Projects categorized as listed below. The project funds shall be transferred to the DND/AFP prior to the implementation of the project subject to existing laws and regulations, and guidelines that shall be formulated by the Secretary of National Defense (SND).
- 4.3.1. Projects directed by the President - Projects specifically directed by the President to be undertaken by the AFPCOE for the promotion of peace and order, national development, security and stability, as specified and determined by the President.

- 4.3.2. Projects related to Civil Defense / Disaster Relief - Projects specifically directed by the SND as Chairman of the National Disaster Coordinating Council, in support of disaster relief and rehabilitation operations.

## **5.0 REQUIREMENTS FOR IMPLEMENTATION**

- 5.1 All projects undertaken by administration should be included in the Annual Procurement Plan (APP) of the end-user, unless the same is related to Civil Defense/Disaster Relief, or is an unforeseen contingency. Moreover, the AFPCOE shall only be required to prepare the Project Procurement Management Plan (PPMP) and corresponding APP for projects funded out of DND-AFP appropriations, BCDA funds, and trust receipts managed by the AFP. For projects funded out of appropriations of other agencies, it is sufficient that the project is included in the approved APP of the end-user or source agency. In all cases, there must be an approved program of work for the project.
- 5.2 End-User Agency may only request AFPCOE to implement projects and transfer funds to it if the End-User Agency has no proficiency to conduct the procurement, or no technical capability to undertake the project on its own, and only if the project is located in a high security risk area or in areas with potential conflict or peace and order problem, as determined by the authorized officials of the DND/AFP, except for projects under Section 4.3.1 hereof.
- 5.3 The SND or his duly authorized representative shall approve projects undertaken by administration, in accordance with the provisions of Section 23.5 of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act 9184 (R.A. 9184). If the end-user is another government entity, the Chief of Engineers of the AFP or the Engineering Brigade Commander concerned and the Head of the End-User Agency or his duly authorized representative shall enter into a Memorandum of Agreement (MOA), subject to the approval of the AFP Chief-of-Staff and the SND or his duly authorized representative.

## **6.0 FUNDS MANAGEMENT**

- 6.1 The approved MOA or the Memorandum shall be the basis for the transfer of funds from the End-User Agency to the GHQ-AFP. The funds shall be taken up in the Trust Account for Inter-Agency Transferred Funds for Infrastructure, which will be set up in the books

of accounts of the GHQ-AFP. The GHQ-AFP shall release the funds and corresponding Cash Cover to the Implementing Unit subject to the conditions herein specified.

- 6.2 Liquidation for funds transferred shall be the responsibility of the Implementing Unit, subject to existing COA rules and regulations.

## **7.0 ARCHITECTURAL AND ENGINEERING (A&E) AND ADMINISTRATION AND SUPERVISION (A&S) EXPENSES**

The budget for the project may include a provision for Architectural and Engineering (A&E), as well as Administration and Supervision (A&S) expenses, as necessary. A&E expenses shall be used to support the preparation of plans, specifications, estimates and other documents related to and necessary for the commencement of the project. A&S expenses, on the other hand, shall be used to support the project management requirements of the unit, including, but not limited to, material testing and quality control, travel for project inspection, and overhead expenses. The SND shall issue guidelines to determine the appropriate amount of A&E as well as A&S expenses. For projects funded by other agencies, however, A&E expenses shall not exceed three percent (3%) of the project cost, and A&S expenses shall not exceed three percent (3%) of the project cost, to be supported by the approved program of work in the MOA.

## **8.0 PROCUREMENT OF EQUIPMENT, SUPPLIES AND MATERIALS, AND SERVICES FOR THE PROJECTS UNDERTAKEN BY AFPCOE**

- 8.1 Subject to the agreement of the DND-AFP and the End-User Agency, either the DND BAC or AFP BAC, or End-User Agency BAC shall handle all procurement of equipment, labor, supplies, materials, consultancy services and other requirements of the AFPCOE in the implementation of its mandate. In case the End-User Agency is responsible for the procurement of construction supplies and materials, the Implementing Unit shall be responsible only for hiring of labor, provision of equipment, and project management.
- 8.2 In the acquisition of goods, supplies and services, including construction materials and equipment, the AFPCOE shall abide with the provisions of R.A. 9184 and its IRR-A.
- 8.3 The Implementing Unit may hire additional labor to augment their organic personnel, if necessary; Provided, however, that the civilian

labor component for the project shall not be more than sixty percent (60%), and, as far as practicable, shall be sourced from the project locality. The AFPCOE shall ensure that unskilled laborers hired are paid the minimum wage applicable to the area, and that semi-skilled and skilled workers are paid wages not exceeding the prevailing market rates in the area. In hiring the laborers and workers, the Implementing Unit may adopt either the direct hiring system or the “pakyaw” system. In the case of “pakyaw” system, Section 3 of the GPPB Guidelines for the Implementation of Projects Undertaken “By Administration” or Force Account shall be followed.

- 8.4 The Implementing Unit may likewise lease supplemental equipment and tools as may be needed, chargeable against project funds, in accordance with existing laws, rules and regulations on the lease of equipment. Furthermore, the same should be provided for in the approved program of work. The AFPCOE may also enter into lease contracts with option to purchase, if warranted.

## **9.0 AUTHORITY TO CHARGE FEES FOR RENTAL OF EQUIPMENT**

In order to ensure the operational readiness and maintenance of the construction equipment of the AFPCOE, the AFP shall be authorized to charge up to one hundred percent (100%) of the authorized current Department of Public Works and Highways (DPWH) equipment rental rate for the utilization of AFP equipment in the implementation of projects, to cover the cost of equipment utilization in the project, including depreciation, operation, repair and maintenance. The rental fees collected shall be deposited in the National Treasury as mandated by Executive Order 338, dated 17 May 1996, and shall be disbursed in accordance with the provisions of COA-DBM-DOF Joint Circular No. 1-97 dated 02 January 1997.

## **10.0 EFFECTIVITY**

These Guidelines or any amendments thereto shall take effect fifteen (15) days after publication in the Official Gazette or a newspaper of general circulation and upon filing with the University of the Philippines Law Center of three (3) certified copies of these guidelines.