



Construction Industry Authority of the Philippines

The Construction Industry Authority of the Philippines (CIAP) is an attached agency of the Department of Trade and Industry (DTI) which was created under Presidential Decree No. 1746, as amended by Executive Order Nos. 679 and 768, to promote, accelerate, and regulate the growth and development of the construction industry. Under the said law, the CIAP is mandated, among others, to recommend and encourage the adoption of equitable and realistic contract conditions for construction.

In line with such mandate, the CIAP established the _____ or the "_____". It was formulated by a Committee composed of representatives from various professional organizations namely:

- Council of Engineering Consultants of the Philippines (CECOPHIL);
- Construction Project Management Association of the Philippines (CPMAP);
- Chamber of Real Estate and Builders Association (CREBA)
- International Federation of Building and Wood Workers (IFBWW);
- Philippine Constructors Association, Inc. (PCA);
- Philippine Chamber of Commerce, Inc. (PCCI);
- Philippine Institute of Construction Arbitrators (now Philippine Institute of Construction Arbitrators and Mediators or PICAM);
- Philippine Institute of Civil Engineers (PICE);
- Subdivision and Housing Developers Association of the Philippines (SHDA);
- United Architects of the Philippines (UAP);
- Society of Philippine Accredited Consultants (SPAC); and the
- Conf

CIAP Document 102 or the "Uniform General Conditions of Contract for Private Construction" contains terms and conditions ordinarily established in construction contracts. It is intended for use in contracts for private construction in the Philippines.

CIAP Document 102 was formulated to provide the procedures, guidelines, and

CIAP Document 102 contains these conditions which are generally applicable for all types of construction contracts, to wit:

Section I. Definitions and Documents

(

)

Section II. Laws, Regulations, Site Conditions, Permits & Taxes

(

)

Section III. Equipment and Materials

(

)

Section IV. Premises and Temporary Structures

(

)

Section V. Protection of Work and Property

(

Many disputes in construction arise from inconsistent and ambiguous contract terms and conditions which lead to varied interpretations and conflict between the contracting parties. To avoid disputes that may affect the completion of the Work and strain the relationship of the parties, it is important that contract documents objectively reflect the agreement and true intent of the parties.

Section I () provides the definitions of the terms used and the execution, correlation, and intent of contract documents, as well as the rules to be followed in case of conflict or discrepancy.

Section IX, Article 31 (Contractor's Insurance and Bonds), enumerates the insurance, bonds, and guarantees required of the contractor, to wit:

1. Contractor's Liability Insurance
- 2.

Article 32 () provides that the Owner shall pay the Contractor an advance payment, which shall be used for mobilization, purchase of materials, and shall be recouped in the progress billings.

Article 21.01 () states that premature commencement of construction shall be at the Contractor's risk, and the Owner gives the Contractor express or implied authority to do so.

Section VI () provides that the Owner shall at all times have access to the Work and shall provide sufficient number of inspectors while Work is in progress to ensure quality.

Section III () provides that

Each request for progress payment shall be computed from the work completed on all items listed in the Breakdown of Work and Corresponding Value, less a retention of 10% of the progress payment to the Contractor.

Progress payments are subject to retention of ten percent (10%). The purpose of retention is to cover uncorrected discovered defects and third party liabilities. (

-
1. Certificate of Final Building Occupancy;
 2. Certificate of Final Inspection of electrical, telephone, sanitary, mechanical, water, gas, safety and other utilities;
 3. Original and three (3) sets of prints of "As-Built Drawings" of electrical, sanitary, gas, telephone, and mechanical works;
 4. Three (3) copies of Directory of Panel Boards and list of circuits;
 5. Three (3) copies of Instructions and Manual for operating and maintaining of fixtures and equipment;
 6. Three (3) copies of Keying Schedule; and
 7. Release of liens arising under the Contract (Sworn Statement or Indemnity Bond).
-

Time

The Contractor is likewise liable for damage if the edifice falls, within fifteen years from completion of the structure, on account of defects in the construction or use of materials of inferior quality or due to any violation of the terms of the Contract as provided in Article 1723 of the Civil Code of the Philippines.

The amount retained by the Owner under the provision of the contract shall be released not later than the expiration of the "Period of Making Good of Known Defects".

The expression "Period of Making Good of Known Defects" shall mean a period of not more than thirty (30) calendar days, calculated from the date of receipt by the Contractor of the last item in the punch list.

Section 8 () illustrates the conditions by which the Contractor or the Owner may suspend the Work or terminate the Contract.

CIAP Document 102 provides the prescribed time limits for the execution of the contract conditions in order to facilitate the performance of the Works covered

Mediation, as defined under Section 6 of the CIAC Mediation Rules, shall mean a voluntary process in which a mediator, selected by the disputing parties, facilitates communication and negotiation, and assists the parties in reaching a voluntary agreement regarding a dispute.

Arbitration is defined as the investigation and determination of matters of differences between contending parties by one or more unofficial persons, called arbitrators or referees, chosen by the parties. It is intended to avoid the formalities, the delay, the expense and vexation of ordinary litigation.

By negotiation among the parties (w/ time frame), Mediation and Arbitration (by CIAC):

SECTION XI

	Owner approves the Contractor's billing for completing at least 95% of the works unless the	
--	---	--

	<p>(5) Violates in any substantial way any provisions of the Contract Documents</p> <p>(6) Repeatedly delays prosecution of work per agreed Construction Schedule and/or PERT/CPM plus any time extension duly granted the Contractor.</p>	
8. DISPUTES	<p>The Owner or his representative shall act within a period of fifteen (15) days on all matters under the Contract requiring the Owner's approval, acceptance or decision.</p> <p>If the Contractor disagrees with the determination by the Owner or his representative, the same shall be submitted to an adjudicator to be jointly engaged by the parties within 15 days before the commencement of the work. If either party disagrees with the resolution of the adjudicator, such shall be deemed a dispute that may be submitted to arbitration.</p>	33.04 & 33.05
9. GUARANTEE BOND 9.1 Contractor's Guarantee Bond	<p>To be furnished the Owner upon release of retention and shall be effective for a period of one year commencing from the date of acceptance as a guarantee that all materials and workmanship installed are of good quality.</p>	31.05

Atty. Ramon P. Ereñeta, Jr.
Chairman

Members:

Engr. Rogelio C. Lombos
Engr. Liberito V. Espiritu
Engr. Anthony L. Fernandez
Atty. Romeo S. Lagman (resigned)

