

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



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SENATE
Proposed Senate Resolution No. 578

Introduced by Senator Aquilino “Koko” Pimentel III

A RESOLUTION
DIRECTING THE SENATE COMMITTEE ON
ACCOUNTABILITY OF PUBLIC OFFICERS AND
INVESTIGATIONS (BLUE RIBBON) TO CONDUCT AN
INQUIRY, IN AID OF LEGISLATION, ON THE LIGHT RAIL
VEHICLES PROCURED BY THE DEPARTMENT OF
TRANSPORTATION MADE UNUSABLE DUE TO WATER
LEAKS

1 **WHEREAS**, on December 1, 2017, the Department of
2 Transportation (DOTr) signed an agreement for the procurement of 120
3 new light rail vehicles (LRVs) for the Light Rail Transit-Line 1 (LRT-
4 1)’s 12-kilometer extension from Baclaran to Bacoor, Cavite;¹
5

6 **WHEREAS**, the project was part of Japan International
7 Cooperation Agency’s (JICA) Official Development Assistance
8 (ODA) loan for “Capacity Enhancement of Mass Transit Systems in
9 Metro Manila Project”, which aimed to support quality transport
10 infrastructure in the country;²
11

12 **WHEREAS**, the LRVs were designed with four LRV
13 configuration. Each train set would have a minimum of 1,388

¹ <https://www.pna.gov.ph/articles/1017695>, dated Dec. 2, 2017.

² <https://www.philstar.com/headlines/2017/11/20/1760762/jica-funded-new-lrt-1-trains-seen-decongest-manila-traffic>, dated Nov. 20, 2017.

1 passengers and were expected to be energy efficient and have low
2 maintenance cost;³

3
4 **WHEREAS**, then DOTr Secretary Arthur Tugade assured the
5 smooth implementation of the LRT-1 South Extension Project. In his
6 speech, Sec. Tugade said: “[I]t is a beautiful day because we are putting
7 life to a project that has been delayed for a long time. No way will I
8 delay any further. No way will I procrastinate. It is high time to put this
9 project in high motion”;⁴

10
11 **WHEREAS**, it was reported that the first bidding for the 120
12 LRVs from October 2015 to February 2016 failed, but that upon
13 assuming office, Sec. Tugade strongly negotiated with the Japanese
14 government on some requirements in the ODA loan to ensure a
15 successful and competitive second bidding;⁵

16
17 **WHEREAS**, the said LRVs were purchased from a Japan-
18 Mexican consortium Mitsubishi-CAF (Construcciones y Auxiliar de
19 Ferrocarriles) in 2017, and were fully delivered to the Philippines in
20 2021;⁶

21
22 **WHEREAS**, during the hearing of the House Committee on
23 Transportation last February 16, 2023, it was revealed that 80 of the
24 said 120 LRVs that the DOTr procured for P12 billion are unusable due
25 to water leaks;⁷

26
27 **WHEREAS**, DOTr Undersecretary for Railways, Cesar Chavez,
28 explained that the DOTr technical team at that time was not able to
29 personally check the train cars prior to delivery because of restrictions
30 brought about by the COVID-19 pandemic;⁸

31

³ <https://ptvnews.ph/dotr-mitsubishi-corp-sign-contract-procurement-light-rail-vehicles-lrt-line-1-cavite-extension-project/>, dated Dec. 1, 2017.

⁴ Ibid.

⁵ Ibid.

⁶ <https://newsinfo.inquirer.net/1730768/dotr-exec-80-of-120-light-rail-cars-bought-in-2017-unusable-due-to-water-leaks>, dated Feb. 16, 2023.

⁷ <https://news.abs-cbn.com/news/02/16/23/80-train-coaches-purchased-in-2017-have-water-leaks-dotr>, dated Feb. 16, 2023.

⁸ Ibid.

1 **WHEREAS**, according to Usec. Chavez, there was something
2 wrong with the procurement of the DOTr in this case as they should
3 not have accepted, or even allowed the delivery, of the LRVs without
4 checking first its compliance with the specifications of the bidding
5 documents. He said they should have suspended the delivery first if
6 they cannot do the inspection and testing due to the restrictions brought
7 about by the pandemic;⁹

8
9 **WHEREAS**, Usec. Chavez added that “the leak in the LRVs
10 violate the terms of the procurement contract, which called for ‘fully-
11 welded’ LRVs;¹⁰

12
13 **WHEREAS**, Usec. Chavez then clarified that the contractor had
14 already been paid P6 billion, but they are now withholding payment for
15 the balance of P6 billion until Mitsubishi CAF rectifies the problem and
16 follows the original procurement plan;¹¹

17
18 **WHEREAS**, under Section 34 of Republic Act No. 9184 or the
19 *Government Procurement Reform Act* and its *Revised Implementing*
20 *Rules and Regulations*, the Lowest Calculated Bid shall undergo post-
21 qualification in order to determine whether the bidder concerned
22 complies with and is responsive to all the requirements and conditions
23 as specified in the Bidding Documents;

24
25 **WHEREAS**, according to the *Manual of Procedures for the*
26 *Procurement of Goods* and as provided in the *General Conditions of*
27 *Contract* of every bidding document, which is similarly used for
28 foreign-funded procurements or foreign-assisted projects, like the JICA
29 ODA project, the Procuring Entity or its representative shall have the
30 right to inspect and/or to test the Goods to confirm their conformity to
31 the Project specifications at no extra cost to the Procuring Entity. It also
32 provides that payments are to be paid only upon fulfillment of the
33 obligations stipulated in the contract and upon inspection and

⁹ Ibid.

¹⁰ <https://mb.com.ph/2023/02/17/dotr-exec-says-previous-admin-committed-procurement-misstep-in-lrt-cavite-extension-project/>, dated Feb. 17, 2023.

¹¹ <https://news.abs-cbn.com/news/02/16/23/80-train-coaches-purchased-in-2017-have-water-leaks-dotr>, dated Feb. 16, 2023.

1 acceptance of the goods by the appropriate Technical and Inspection
2 Committee;

3
4 **WHEREAS**, it is thus imperative for the DOTr to explain why
5 the procured LRVs are defective; whether or not it complied with the
6 technical specifications in the bidding document; whether the DOTr
7 conducted proper post-qualification process and inspection and testing
8 before delivery and acceptance as provided for under the procurement
9 rules; the reason why substantial payment has already been made
10 despite the defect; and how come the problem has not been resolved,
11 two years after its delivery in 2021;

12
13 **NOW, THEREFORE, BE IT RESOLVED** as it is hereby
14 resolved to direct the Senate Committee on Accountability of Public
15 Officers and Investigations (Blue Ribbon) to conduct an inquiry, in aid
16 of legislation, on the light rail vehicles procured by the Department of
17 Transportation made unusable due to water leaks, with the end in view
18 of identifying accountability and making changes to our procurement
19 law and processes, if found necessary.

Adopted,


AQUILINO "KOKO" PIMENTEL III