

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

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SENATE
P. S. R. No. 259

RECEIVED BY: [Signature]

Introduced by Senator Miriam Defensor Santiago

RESOLUTION
DIRECTING THE SENATE COMMITTEE ON HEALTH AND DEMOGRAPHY AND
THE SENATE COMMITTEE ON LOCAL GOVERNMENT TO CONDUCT AN
INQUIRY IN AID OF LEGISLATION ON THE ALLEGED CORRUPTION OF
LOCAL HEALTH FUNDS

WHEREAS, Republic Act No. 7160, otherwise known as the Local Government Code of 1991, Section 102, states that: "There shall be established a local health board in every province, city or municipality who will be tasked to propose to the Sanggunian concerned, in accordance with standards and criteria set by the Department of Health, annual budgetary allocations for the operation and maintenance of health facilities and services within the municipality, city or province, as the case may be";

WHEREAS, Republic Act 9184 or the Government Procurement Reform Act, Article IV, Section 10, provides further that: "All Procurement shall be done through Competitive Bidding"; this is to ensure that the government agency purchased the item with the best quality at the least cost;

WHEREAS, the Local Government Code, Section 37-A, provides further that: "There is hereby created a local prequalification, bids and awards committee in every province, city, and municipality, which shall be primarily responsible for the conduct of prequalification of contractors, bidding, evaluation of bids, and the recommendation of awards concerning local infrastructure projects;

WHEREAS, since the devolution, the budgets of rural health units have been at the discretion of local officials;

WHEREAS, according to a study on decentralization in the Philippines by the U.S.-based Center for Institutional Reform and the Informal Sector (IRIS), increases in discretion enjoyed by local governments allegedly lead to increase in local-level corruption;

WHEREAS, many local officials see health as another source of illicit income and demand hefty shares from suppliers of drugs and hospital equipment;

WHEREAS, according to a study released by the Philippine Center for Investigative Journalism last 2 May 2005, doctors, suppliers, and local officials estimate that kickbacks from the purchase of drugs, also known as standard operating procedures (SOPs), rebates, internal arrangements, and "love gifts", which are given to mayors, governors and other local officials allegedly range from 10 to 70 percent of the contract price;

WHEREAS, according to Heidi Mendoza, auditor at the Commission on Audit (COA), overpricing of supplies is the most common form of fraud; she said that drugs can be overpriced by as much as 700 percent;

WHEREAS, due to these overpricing incidents, of the nearly P1 billion allotted in 2003 for the maintenance and other expenses of all rural health units (RHUs), P100 million to P700 million could have been lost to graft; such amount could have been used to purchase at least 100 million pieces of 500-mg. tablets of paracetamol, which is prescribed for simple fevers and aches, or more than 62,000 tablets per health unit;

WHEREAS, today most RHUs and urban health centers have little or no medicine for patients; too often, the deliveries of medicine fall short of what had been promised, in both quality and quantity;

WHEREAS, the noble intention of the law was for decentralization to reduce corruption, especially in drug procurement; yet for the most part, such practices as overpricing, rigged biddings, short and ghost deliveries, and the purchase of substandard drugs remain pervasive;

WHEREFORE, be it resolved, as it is hereby resolved by the Philippine Senate, to direct the Senate Committee on Health and Demography and the Senate Committee on Local Government to conduct an inquiry in aid of legislation on the alleged corruption of local health funds.

Approved,


MIRIAM DEFENSOR SANTIAGO

/dpm