

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

8 FEB 11 AM '08

SENATE
P.S. Res. No. 299

RECEIVED BY: [Signature]

INTRODUCED BY THE HONORABLE MAR ROXAS

A RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEES TO CONDUCT AN INQUIRY;
IN AID OF LEGISLATION, ON THE ALLEGED OVERPRICING OF THE USD\$932-
MILLION SOUTHRAIL PROJECT, WITH THE END IN VIEW OF DETERMINING THE
ACCOUNTABLE PUBLIC OFFICIALS AND FOR THE PURPOSE OF AMENDING
THE GOVERNMENT PROCUREMENT REFORM LAW, BOT LAW, AND ODA LAW.

Whereas, on 8 February 2008, Rodolfo Noel Lozada, Jr., during his testimony at the Senate hearings on the ZTE-NBN controversy, revealed that the USD\$932-Million Southrail project may have been overpriced by at least 20%, or roughly around USD\$180 Million (PhP7.380 Billion), for having escaped scrutiny;

Whereas, in his testimony, Mr. Lozada stated that the proponents of the Southrail Project told him that palace officials have allegedly benefited from the deal;

Whereas, officials of the Philippine National Railways (PNR) have denied Mr. Lozada's statements as the said project has yet to be opened for bidding and hence, no funds have been released yet;

Whereas, in the PNR website (www.pnr.gov.ph), the Southrail Project would be implemented in two phases, with the estimated total project cost of USD\$932.037 Million broken down to USD\$627.811 Million for Phase 1 and USD\$304.226 Million for Phase 2, with 95% of the estimated total project cost, or USD\$885.435 Million, proposed to be funded by a loan from the Export-Import Bank of China;

Whereas, according to newspaper reports, the Philippines' National Economic Development Authority (NEDA) and China's Ministry of Commerce signed a memorandum of understanding for the 542-km Southrail Project sometime in July 2007, where it was agreed upon that both countries would create a Philippine-China Economic Joint Working Group to track and review the project's performance;

Whereas, Mr. Lozada's revelation on the overpricing of the Southrail Project deserves serious consideration as it reeks of corruption similar to the ZTE-NBN controversy, a matter which must certainly be inquired into and investigated in order to ascertain the veracity of the allegations for purposes of holding accountable the public officials who may have unlawfully profited from said project;

Whereas, an inquiry and investigation on the alleged overpricing of the Southrail Project would also aid the Senate in the crafting of remedial legislation that would plug the loopholes in the following laws related to the execution and consummation of government contracts: (1) Republic Act No. 9184, otherwise known as the "Government Procurement Reform Act;" (2) Republic Act No. 8182, as amended, otherwise known as the "Official Development Assistance Act;" and (3) Republic Act No. 6957, as amended, otherwise known as the "Build-Operate-Transfer Law;"

Resolved, as it is hereby resolved, that the appropriate Senate committees conduct and inquiry, in aid of legislation, on the alleged overpricing of the USD\$932-Million Southrail Project with the end ii view of determining the accountable public officials and for the purpose of crafting remedial legislation to the Government Procurement Reform Act, BOT Law, and ODA Law.

Adopted,


MAR ROXAS
Senator