

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

8 MAR -3 2008

SENATE  
 P.S.R. No. 311

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Introduced by Senator Miriam Defensor Santiago

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RESOLUTION DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN  
 INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED IRREGULARITIES IN THE  
 P550-MILLION CALL CENTER TRAINING PROJECT OF THE COMMISSION ON  
 HIGHER EDUCATION

WHEREAS, the Constitution, Article 2, Section 17 provides: "The State shall give priority to education, science and technology, arts, culture, and sports to foster patriotism and nationalism, accelerate social progress, and promote total human liberation and development";

WHEREAS, the Constitution, Article 2, Section 18 states: "The State affirms labor as a primary social economic force. It shall protect the rights of workers and promote their welfare";

WHEREAS, according to news reports from the 12 February 2008 issue of the *Philippine Daily Inquirer*, government auditors have allegedly found the Commission on Higher Education's (CHED) P550-million call center training project to be highly irregular and grossly disadvantageous to the government;

WHEREAS, in a report to CHED acting Chair Romulo Neri, the Commission on Audit (COA) recommended the suspension of the agency's contract with the private firm eServices Global Solutions Inc. (eSGS) "until its ambiguous and disadvantageous provisions are resolved";

WHEREAS, the Commission on Audit (COA) recommended the renegotiation of the contract for the setting up of call center training laboratories in various schools, also called the Integrated Multi-Site Business Process Outsourcing-Incubation Contact Center (IMBPO-ICC); call center laboratories were 70-percent completed in six universities when Neri suspended the project last year pending the results of the audit by the COA;

WHEREAS, according to COA, eSGS "got all the advantage in operating the call center project when it was given the option to discontinue the operation of the call center business if it fails to meet its expected profits";

WHEREAS, the contract allows the company to "terminate the contract and pay CHED a penalty of only P5 million, which is nothing compared to what was already received by the firm (P87.3 million)";

WHEREAS, eSGS, noted the COA, will "gain everything if the business becomes highly profitable since there is no profit-sharing provision in the contract" with either CHED or the host state universities and colleges (SUCs) where the call centers are located"; the COA, however, did not call for sanctions against CHED top officials behind the project;

WHEREAS, former CHED Chair Carlito Puno had supposedly ordered the implementation of the project; the budget for the project was released to the CHED during Neri's

term as budget department head; Puno, now head of the state-sequestered Coconut Chemicals Inc. (Cocochem), had said COA representatives were with them during the early stages of the project;

WHEREAS, in October, Neri ordered an in-house inquiry upon the request of CHED Commissioner Nona Ricafort and the 15,000-strong Alliance of Concerned Teachers (ACT);

WHEREAS, the initial CHED probe blamed the bids and awards committee (BAC) for its failure to declare a failed bidding; BAC head, Deputy Executive Director Julito Vitriolo, however, earlier denied allegations the BAC had rigged the bidding in favor of eSGS;

WHEREAS, in a 28-page report to the CHED *en banc*, Neri said the project was overpriced by more than P150 million, among other irregularities; the same report cited "excess project costs" for civil works and pre-operating expenses, amounting to P66.72 million and P87.31 million, respectively;

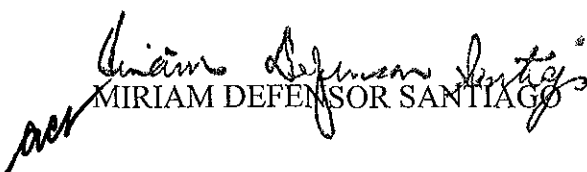
WHEREAS, the COA report also questioned the P94.3-million outlay for project equipment and software, considering the CHed would recover only P126 million in lease payments from eSGS during the five-year duration of the project; there was also overpricing in the construction of at least six buildings intended to house call center laboratories, the report said;

WHEREAS, Ricafort had also disclosed that the project first presented to Neri in August was completely different from the one conceptualized and approved during the time of Puno; she claimed the concept of the call center project had been altered from the mere development of a curriculum to the construction of laboratories; the project cost then ballooned to P550 million from its original price tag of P300 million;

WHEREAS, Ricafort also complained that the Polytechnic University of the Philippines got the lion's share of P200 million from the original P300-million budget, contrary to the original plan to put up call center laboratories in at least 25 schools nationwide; before the project was put on hold, call center laboratories were being set up at PUP and the Technological University of the Philippines, Don Mariano Marcos State University in La Union, Tarlac State University, Pangasinan State University, and the Laguna Polytechnic State University;

WHEREFORE, be it hereby resolved by the Philippine Senate, to direct the proper Senate committee to conduct an inquiry, in aid of legislation, on the alleged irregularities in the P550-million call center training project of the Commission on Higher Education.

Adopted,

  
MIRIAM DEFENSOR SANTIAGO

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