

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



Senate
Office of the Secretary

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SENATE

P. S. Res. No. 35

RECORDED BY: 

Introduced by Senator Ralph G. Recto

A RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE BIDDING PROCESS OF PUBLIC-PRIVATE PARTNERSHIP (PPP) PROJECTS, WITH THE END IN VIEW OF ENSURING THAT THE FILIPINO PEOPLE WILL BENEFIT FROM QUALITY PUBLIC SERVICES AT THE LEAST POSSIBLE COST

WHEREAS, the 1987 Constitution provides that the "State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments;"

WHEREAS, Republic Act No. 6957, as amended by Republic Act No. 7718, recognizes the private sector as the main engine for national growth and development and provides the most appropriate incentives to mobilize private resources for the purpose of financing the construction, operation and maintenance of infrastructure and development projects normally financed and undertaken by the Government;

WHEREAS, the Philippine Development Plan 2011-2016 seeks to mobilize the private sector, improve investor confidence, attract service providers, generate additional financing, and alleviate government burden in providing infrastructure through the Public-Private Partnership (PPP) Program;

WHEREAS, a number of PPP projects are expected to provide revenues to the Philippine government by bidding rights to build and/or operate public infrastructure;

WHEREAS, under Section 5 of Republic Act No. 6957, as amended by Republic Act No. 7718, build-operate-and-transfer contracts shall be awarded to bidders who satisfied minimum standards and submitted the lowest bid and most favorable terms for the projects;

WHEREAS, Section 4.2(h), Rule IV of the Implementing Rules and Regulations of Republic Act No. 6957, as amended by Republic Act No. 7718, establishes the evaluation criteria for determining the most advantageous bid for the Government, which include, among others, the "highest present value of proposed payments to Government, such as: concession fees, lease/rental payments, fixed/guaranteed payments, and/or variable payments/percentage shares of revenue for the period covered by the contract;"

WHEREAS, winning bids for certain PPP projects like the Cavite-Laguna Expressway Project and the Mactan-Cebu International Airport Passenger Terminal Building Project were determined based not on the lowest bid, but on the highest present value of proposed payments to Government pursuant to evaluation criteria adopted in the Implementing Rules and Regulations of the Republic Act No. 6957, as amended;

WHEREAS, awarding projects and concessions based on proposed concession payments, while providing additional revenues for the government, may shift burden of payment to the people through increased user charges and consumer costs;


WHEREAS, in one Senate Committee on Public Services hearing held during the 16th Congress, several members of the business sector expressed their concern that some PPP projects in the pipeline, like the Davao Sasa Port Modernization project, will cause as much as 175% increase in user fees and chargesⁱ;

WHEREAS, prohibitive user charges and consumer costs may increase domestic costs of living and doing business and undermine the Philippine national competitiveness ranking;

WHEREAS, it is imperative that the Philippine Government adopts a standardized bid evaluation guideline and that consideration in awarding PPP concessions should include not only the realization of revenues but also the protection of the public from excessive charges and costs;

NOW THEREFORE, BE IT RESOLVED, by the Philippine Senate, to direct the appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the bidding process of Public-Private Partnership (PPP) Projects, with the end in view of ensuring that the Filipino people will benefit from quality public services at the least possible cost.

Adopted,



RALPH G. RECTO

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ⁱ Senate Committee on Public Services. (2015 December 9). *Inquiry on the Alleged Irregularities Involved in the PHP18.99-B Davao Sasa Port Modernization Project under the Government's Public-Private Partnership (PPP) Program*. Pasay City: Senate of the Philippines