

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

5 AUG 15 2005

SENATE **306**
P. S. R. No _____

RECEIVED BY: _____

Introduced by Senator Miriam Defensor Santiago

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE SENATE COMMITTEE ON ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE ALLEGED OVERPRICING OF THE CATANDUANES CIRCUMFERENTIAL ROAD PROJECT

WHEREAS, Republic Act No. 9184, otherwise known as the Government Procurement Reform Act, section 31, states that: "The Approved Budget for the Contract (ABC) shall be the upper limit or ceiling for the Bid prices. Bid prices that exceed this ceiling shall be disqualified outright from further participating in the bidding";

WHEREAS, according to a 13 May 2005 news article in the *Philippine Daily Inquirer*, a group from the Philippine Military Academy (PMA) Alumni Class '59 filed a petition with the Supreme Court to recall a Department of Public Works and Highways (DPWH) resolution awarding the P952-million Phase I Contract of the Catanduanes Circumferential Road Project to China Road and Bridge Corp. in 2004;

WHEREAS, the respondents named in the petition were secretaries from the Department of Public Works and Highways, Department of Budget and Management, Department of Finance, National Treasury and the China Road and Bridge Corp.;

WHEREAS, the Catanduanes road project, which is funded with a loan from the Japan Bank for International Cooperation, involves the rehabilitation and improvement of a 79.818-km stretch of the Catanduanes Circumferential Road,

WHEREAS, the government's ABC, which was the ceiling price for the repair and rehabilitation of the Catanduanes road, was set at P738,710,563.67;

WHEREAS, the China Road and Bridge Corp. submitted a bid of P993,183,904.98, and later amended the bid to P952,564,821.71; its final bid, which was approved by the DPWH, was P213 million higher than the ceiling price set by the government;

WHEREAS, according to Engineer Norberto Lorenzo of the Philippine-Japan Highway Loan Office of the DPWH, the project is within the procurement guidelines for foreign-funded projects considering that there is no ceiling for bids on such projects;

WHEREAS, the Government Procurement Reform Act, Section 4, provides that: "This Act shall apply to the Procurement of Infrastructure Projects, Goods, and Consulting Services, regardless of source of funds, whether local or foreign, by all branches and instrumentalities of government";

WHEREAS, the Government Procurement Reform Act also applies to foreign-funded projects; government agencies should adhere strictly to the provisions of this law especially with regards to the ABC's set for such projects;

WHEREAS, it is the duty of the government agency concerned to ensure that there is transparency in the bidding process and that the funds for the project is properly liquidated irregardless of the funding source;

WHEREFORE, be it resolved, as it is hereby resolved by the Philippine Senate, to direct the Senate Committee on Public Works and Highways and the Senate Committee on Accountability of Public Officers and Investigations to conduct an inquiry in aid of legislation on the alleged overpricing of the Catanduanes Circumferential Road Project

Adopted,


MIRIAM DEFENSOR SANTIAGO

/dpm